Austria .. Sch. 18	Indonesia .. Rp 2500	Portugal .. Esc 80
Bahrain .. Din 0.650	Italy .. L 1300	S. Arabia .. Rls 6.00
Belgium .. BFr 42	Japan .. Y 250	Singapore .. S$ 4.10
Canada .. C$1.00	Jordan .. Fils 500	Spain .. Pta 110
Cyprus .. C£0.60	Kuwait .. Fils 500	Sri Lanka .. Rup 30
Denmark .. DKr 7.25	Lebanon .. L 8.00	Sweden .. SKr 6.50
Egypt .. E£1.00	Luxembourg .. LFr 42	Switzerland SFr 2.20
Finland .. Fmk 6.00	Malaysia .. Rin 4.25	Taiwan .. NT $65
France .. FFr 8.00	Mexico .. Pes. 300	Tunisia .. Din 0.680
Germany .. DM 2.20	Morocco .. Dh 6.00	Turkey .... L 210
Greece ..... Dr 70	Netherlands .. Fl 2.50	U.A.E. ... Dh 6.50
Hong Kong .. HK$ 12	Norway .. Nkr. 6.00	U.S.A. $1.00
India .... Rup. 15	Philippines .. Pes. 20	

FINANCIAL TIMES

EUROPE'S BUSINESS NEWSPAPER

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Tuesday November 12 1985

D 8523 B

JAL: an airline still in mourning, Page 23

World news

Polish ministers quit Politburo

Polish Foreign Minister Stefan Olszowski resigned from the Communist Party's ruling Politburo according to an official communique which indicated that he would also leave the Government.

The official PAP news agency said that Politburo member Kazimierz Barcikowski, who has become a deputy chairman of the Council of State, the country's collective presidency, had resigned as a Central Committee secretary. Olszowski's resignation was "motivated by personal considerations and a desire to return to scholarly activities," the report said.

In Romania, state-run Agerpress news agency said President Nicolae Ceausescu had replaced Foreign Minister Stefan Andrei by Ilie Vaduva.

Zimbabwe killings

Zimbabwe rebels have killed four officials of Prime Minister Robert Mugabe's ruling ZANU-PF party in an intensified offensive against the Government, police said.

Bangladesh arrests

Bangladesh police arrested 500 people in a six-hour national strike in protest at the death of two millworkers. In Dhaka vehicles were set on fire, shops damaged and more than 50 people were injured.

Greenpeace claim

France is ready to pay compensation and apologise formally to the family of a crewman killed when the Greenpeace flagship Rainbow Warrior was sunk in New Zealand, the environmentalist group said.

Berlin bomb attack

A home-made bomb exploded at the Institute for Aerospace Technology in West Berlin's Technical University but no one was hurt.

Peace prize dispute

The Christian Democratic Party of West Germany's Chancellor Helmut Kohl condemned the award of the Nobel Peace Prize to an East-West doctors' campaign against nuclear war and urged the Nobel Committee to think again.

Lufthansa strike

West Germany's national airline Lufthansa suffered its first strike in 14 years, but the stoppage by ground staff caused only minor disruption. Page 2

Air collision

At least five people were killed and one was missing after two small aircraft collided and crashed into two densely populated towns in northern New Jersey.

Marcos election Bill

President Ferdinand Marcos of the Philippines, declaring that his mandate to rule had been "the object of propaganda and dissent," sent the National Assembly a Bill calling for an early presidential election on January 17.

Thatcher optimistic

British Prime Minister Margaret Thatcher presented an optimistic view of the economic outlook ahead of today's autumn economic statement. Page 24

Play cancelled

Frankfurt's municipal theatre bowed to pressure, especially from the Jewish community, and abandoned plans to stage the play by Rainer Werner Fassbinder, Trash, the City and Death.

Peru accuses IMF

President Alan Garcia of Peru accused the International Monetary Fund of imposing conditions on debt-ridden countries which aggravated their food problems.

Business summary

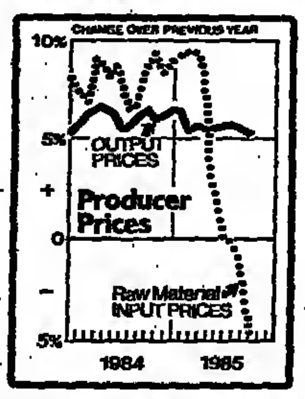
Wall St surges 27.52 to record

WALL STREET: The Dow Jones industrial average closed up 27.52 at a record 1,431.88. Page 46

TOKYO shares suffered another setback with the Nikkei market average down 29.79 at 12,831.26. Page 46

LONDON equities were unsettled by poor results from Beecham. The FT Ordinary index fell 12.2 to 1,070.3 while the FT-SE 100 lost 14.6 to 1,375.5. Gilts eased. Page 46.

DEUTSCHE BANK filed an application with the Japanese Ministry of Finance to open a securities trading company. Page 28



UK producer prices for raw materials and fuel fell in October for the fourth successive month. Page 14

DOLLAR rose in London, closing at DM 2.6235 (DM 2.622), FFr 8.0 (FFr 7.985), SFr 2.156 (SFr 2.155) and Y205.9 (Y205.5). On Bank of England figures the dollar's index rose to 129.8 from 129.6. Page 39

STERLING gained 30 points against the dollar in London to finish at $1.42 and also rose to DM 3.725 (DM 3.715), FFr 11.36 (FFr 11.315), SFr 3.0625 (SFr 3.055) and Y292.5 (Y291.25). The pound's exchange rate index rose 0.1 to 79.6. Page 39

GOLD rose 75 cents an ounce on the London bullion market to $323.00 and was also higher in Zurich at $323.10. In New York the Comex December settlement was $324.50. Page 38

LUCAS Industries of the UK announced a 77 per cent increase in pre-tax profit to £57.8m ($82m) in the year to July. The aerospace and automotive group is to raise £89.4m through a rights issue. Page 30

MITSUBISHI Motor lifted pre-tax earnings 79.4 per cent during the September half year, aided by the yen's relatively low level. Page 28

CONTROL DATA, troubled US computer and computer products group, is to sell most of its business products arm to Xidex, the Californian data storage products manufacturer for between $55m and $75m. Page 25

SOCIÉTÉ SUISSE de Microelectronique et d'Horlogerie is to reorganise its Omega watch division to improve group earnings. Page 25

JUNGBUNZLAUER, Austrian biotechnology group is making a Sch 50m ($2.7m) rights issue next year which will double its nominal capital. Page 27

PREMIER GROUP, diversified South African food and consumer products group, returned an 8 per cent decline in trading profit during the September half year. Page 28

POTLATCH Corporation, San Francisco-based forest products group, plans to buy back up to a fifth of its shares to frustrate a $693m takeover bid from First City Financial Corporation, a Canadian financial services company. Page 25

WALT DISNEY, US entertainment company boosted fourth-quarter net earnings to $53.8m compared with a net loss of $64m in the previous corresponding term. Page 25

CLARK EQUIPMENT, US construction equipment and automotive components company, plans to cut its dividend for the first quarter of 1986 after making a $73.1m charge in the third quarter of this year. Page 25

Pretoria draws up plans to repatriate workers

THE SOUTH AFRICAN Government is drawing up contingency plans for the repatriation of black foreign migrant workers which could affect the future of nearly 2m people and cause major problems for the mining industry and in relations with neighbouring black states, writes Anthony Robinson in Johannesburg.

Mr Piet du Plessis, the Minister of Manpower, yesterday described the Government's contingency plans as "part of the overall long and short-term strategy for relieving unemployment in the face of disinvestment, sanctions and boycotts." But, he added, "there is no immediate plan or desire to summarily repatriate large numbers of foreign workers."

This indication that the Government is not rushing into a repatriation policy suggests that at the moment ministers may only want to brandish the threat to deter international calls for disinvestment and sanctions. However, the Republic's growing unemployment problems could make forcible repatriation an increasingly attractive option.

According to government estimates, a total of 351,260 foreign black workers were legally employed in South Africa in June 1984. Of these, 210,000 workers were recruited by the Employment Bureau for Africa (Teba), the recruiting arm of the South African Chamber of Mines, in Lesotho, Mozambique, Malawi, Botswana and Swaziland to work in the gold, coal and other mines in the Republic on a contract basis. But as many as 1.5m and possibly more black workers are believed to be in the Republic illegally, many of them refugees from the civil war in Mozambique.

Repatriation of earnings by foreign workers is a major source of income for neighbouring states. Landlocked Lesotho, for example, derives 50 per cent of its revenue from miners' remittances alone, according to South African estimates, while R540m ($209m) annually is repatriated to countries in the southern African region as a whole, according to estimates from the semi-official Africa Institute.

Mr du Plessis revealed that the Government had started consultations with major employers of foreign labour. He put the blame for the Government's move on "the instigators and proponents of sanctions, boycotts and disinvestment ... they carried the moral responsibility for the resulting hardship to millions."

The Government's plans provoked a strong response from the mining industry. Mr Clive Knobbs, president of the Chamber of Mines, said: "We now have a mix of manpower which we think is close to optimum. It would be calamitous for the industry if we had to replace them. It is a question of skills, experience and loyalty. It is not just a question of numbers, we are dealing with real people."

Over the years, Basuto workers from Lesotho, for example, have developed special skills as shaft sinkers, while Shangaan-speaking workers from Mozambique hold over 40 per cent of black supervisory positions on the gold mines, he added.

Despite the vital role played by foreign black workers in the mining industry, however, the trend has moved steadily towards greater employment of local blacks over the last 15 years. In the early 1970s, foreign workers made up around 80 per cent of the gold mine labour force, but this has since come down to around 45 per cent.

The reduction in numbers has come about partly because of a reduced flow of workers from Malawi and Mozambique and partly because higher gold prices have made it possible to improve pay and conditions to the point where the mines are now an attractive alternative to factory and farm work for South African black workers who formerly shunned the mines.

Attracting larger numbers of South African blacks to the mines would further drive up wages and sharply raise training and other costs, mining economists believe.

Eastern Cape boycott leaders freed, Page 3

Lloyd's chief resigns after dispute over executive role

BY JOHN MOORE, CITY CORRESPONDENT, IN LONDON

MR IAN HAY DAVISON, the chief executive of Lloyd's, yesterday resigned his £120,000 ($170,000) a year position in an upset which poses major questions over the regulation of the London-based insurance market and creates a severe problem for the Bank of England.

A major rift has opened up between Mr Davison, the architect of the reform programme at Lloyd's, and the Lloyd's administration over the terms of reference of the chief executive's position and its status within Lloyd's. Some senior members of the Lloyd's administration want to change and curb the status of the chief executive's role.

Mr Davison told the ruling council yesterday that he believed that the terms of reference of the chief executive should not be changed and said: "I would find it impossible to continue in office were those terms significantly altered."

In a letter to the ruling council yesterday, Mr Davison argued that the chief executive should have independent powers. "By resigning at this time, I remove an obstacle to the council's freedom of discussion and to my freedom to argue for the retention of the position of chief executive with independent powers without any suggestion of self interest," he said.

Mr Davison, formerly head of accountants Arthur Andersen's UK operations, was invited by the Bank of England to take up the newly created appointment of chief executive nearly three years ago. The central bank asked him to reform the Lloyd's market in the wake of a series of scandals in which £100m of funds belonging to the 26,050 underwriting members had been misappropriated by a number of working members of the Lloyd's market.

Mr Davison had been appointed with a contract which ran for three to five years which was not expected to have been terminated before the end of next year. His resignation stunned his colleagues on the ruling council of Lloyd's where he had a seat as a deputy chairman. "It is a devasting move. I just do not understand why he has done it," said one senior member of the market.

The rift between Mr Davison and the Lloyd's authorities has developed since September when the market published its annual results. A £22m accounting error was discovered at a late stage in the results which understated reserves and overstated profits. All the accounts had to be republished.

After the accounting error was discovered, the 28-strong ruling council decided to form a working party, led by Sir Kenneth Berrill, who also has a place on the council. The working party is considering

Continued on Page 24

Editorial comment; Men and Matters, Page 22

Falck seeks L600bn for closure

By Alan Friedman in Milan

FALCK, Italy's largest private steel company, is asking the Italian Government for L600bn ($330m) compensation in order to close its hot strip mill near Milan and thus enable the Finsider state steel concern to transfer Falck's European Community production quota to its own newly modernised Bagnoli plant near Naples.

Negotiations between Finsider and Falck are entering a crucial period, with the latter demanding an agreement by the end of this month in order to take strategic decisions about its future. The state steel concern, meanwhile, needs to meet EEC quotas, and views the Falck issue as vital to the future of Bagnoli.

The Bagnoli plant, under present EEC guidelines, is allowed to produce 1.2m tonnes of steel – but this would be uneconomic as it has a capacity of 2m tonnes a year. Finsider, therefore, needs to secure the closure of Falck's Festo san Giovanni works outside Milan, which would entail laying off around 1,000 workers, but would free a quota of 730,000 tonnes of capacity for Bagnoli.

Falck, which last year lost L100bn on its steel business, is also asking Finsider to allow it to take over the quota for steel plates at the Campi plant near Genoa. This would provide Falck with around 250,000 tonnes of specialised steel quota, which is less than the 730,000 it would give up at the Milan plant, but roughly equivalent in annual turnover terms.

Professor Romano Prodi, chairman of the IRI state holding group which controls Finsider, said at the weekend that he expected an agreement with Falck by the end of this year, but Falck was yesterday tak-

Continued on Page 24

Malaysian metal trader suspends London dealing

BY STEFAN WAGSTYL IN LONDON

MMC METALS, a trading company owned by the Malaysia Mining Corporation, has suspended its dealings on the London Metal Exchange in the wake of the tin market crisis.

The trader, which only joined the LME in August 1984, traded heavily in tin, often on behalf of its parent company, which is the world's largest tin producer. It is understood to have sold substantial amounts of tin, totalling about 3,000 tonnes, in the futures market to the International Tin Council, which precipitated the crisis more than two weeks ago by announcing that it had run out of money, owing hundreds of millions of pounds to its bankers and to metal traders.

MMC Metals' decision to suspend trading was announced by Mr Michael Brown, chief executive of the LME, the world's leading metals market. Directors of MMC Metals were unavailable for comment.

MMC Metals forms part of the Malaysia Mining Corporation's trading and marketing operations, which together contributed some 6.2m ringgit ($2.8m) pre-tax to the group on turnover of 526m ringgit for the year to the end of January. Although much of MMC Metals' business is in tin, it also trades copper, aluminium and other metals on the LME. Charter Consolidated, the UK mining and industrial group, owns 13 per cent of the company.

The LME authorities have imposed fixed settlement prices for MMC's outstanding contracts with other traders for all metals except tin. It is expected to set a tin settlement price after tin trading resumes on Monday.

Traders and bankers are continuing to press the tin council to find a solution to the crisis, and to agree to honour its debts, when it meets in emergency session on Thursday.

Yesterday, the ITC's 16 creditor banks met at the Bank of England and brought into their meeting another 20 banks which have financed the tin trade by lending to traders. The banks are considering proposals to fund the tin market when trading resumes. The Bank of England's role has been limited to offering advice. It has so far refused all pleas for public money to help in any rescue.

The banks have also taken steps to improve the marketability of the tin they hold as collateral for the loans made to the Tin council which total over £300m. They have transferred metal held in non-registered warehouses to LME warehouses in the past week, helping to increase official LME tin stocks by 9,876 tonnes to a record high of 48,280 tonnes. This means that most of the tin council's 62,000-tonne stockpile is now in LME warehouses where it is easily available for sale on the market when trading restarts.

The crisis is already hitting tin production. In Malaysia, about 100 mines, many of them very small, have been temporarily closed down and some 4,000 workers have been laid off, according to mine owners.

Bolivia, which relies on tin for nearly half its export earnings, has ordered mines to reduce output. Planning Minister Mr Guillermo Bedregak said that the crisis threatened to plunge Bolivia into a "tremendous depression."

Commodities, Page 38

Germans consider reform of stock exchange

By Jonathan Carr in Bonn

AGREEMENT now looks imminent on long-awaited reforms aimed at helping West Germany's stock exchanges to be better equipped to face growing competition from abroad.

Talks on reform have been going on between the eight exchanges for months, but seemed bogged down because of regional rivalry and discord on personnel issues.

However Dr Wolfgang Roeller, chief executive of Dresdner Bank, the country's second biggest bank, said in Bonn yesterday that the talks were now at an intensive stage and he was "very optimistic" about the outcome.

It is understood that a document is likely to be made public shortly, detailing ways of improving the efficiency and co-ordination of the exchanges. The aim would be to introduce the changes during 1986.

One key proposal is to upgrade the existing working group of the eight exchanges into a fully-fledged association with a headquarters, staff and president.

This body would carry out major tasks presently duplicated among the exchanges, thus saving costs and paperwork. Moreover, it would handle legal questions, put out a single annual report and generally help the German stock markets present a "united front" to the outside world.

Other ideas which have been under discussion include amalgamating regional clearing houses for securities transactions and using only one big computer centre to process transactions instead of two. It remains to be seen how far accord has been reached on these proposals.

Behind the reform drive lies the fear that a German stock market which remains heavily divided on regional lines will fall ever further behind international competition – especially from New York, London and Tokyo.

Dr F. Wilhelm Christians, chief executive of Deutsche Bank, put it drastically recently when he said the German stock market risked being "decoupled" from international development because of a "short-sighted, parish pump" attitude to change.

From a total German stock market turnover last year of DM 234bn ($88.8bn), Frankfurt – easily the biggest bourse – accounted for more than half and Düsseldorf nearly 30 per cent. That left relatively little for the other six – Hamburg, Munich, Stuttgart, Bremen, Hanover and Berlin.

Market reports, Page 46

Beecham chairman quits after 15 months as earnings slide

BY MARTIN DICKSON IN LONDON

BEECHAM, the British pharmaceuticals and consumer products group, said yesterday that Sir Ronald Halstead had resigned after only 15 months as chairman and chief executive.

Sir Ronald quit amid boardroom concern over the company's dull performance, which was illustrated yesterday by disappointing first-half figures. Pre-tax profits rose only 2.4 per cent to £148.8m ($213.6m) while earnings per share fell by 3.6 per cent.

Beecham's shares fell sharply in London to close 41p down on the day at 285p.

Beecham has decided to split the roles of chairman and chief executive.

It has appointed Mr John Robb, the 49-year-old head of the group's consumer products division to the latter post. It is still looking outside the company for a new chairman, and that role will be filled temporarily by Lord Keith of Castleacre, Beecham's vice-chairman, and one of three non-executive directors.

Sir Ronald, 58, is the third chairman and chief executive of a leading British company to resign in recent months amid concern about group performance. In June, Mr Peter Laister resigned from Thorn EMI and in August Sir Kenneth Corfield left STC, the telecommunications and computer company.

Ironically, Sir Kenneth was also replaced on a temporary basis by Lord Keith, who is also a non-executive director of STC.

Lord Keith said the Beecham board had decided that, in view of the company's recent performance, a younger and more dynamic management was required. It was felt that that change should begin at the top.

He said the non-executive directors had been the prime movers, but "what was done was unanimous." The decision had been conveyed to Sir Ronald at an "amicable" meeting last Friday. There had been no pressure from the company's institutional shareholders.

Sir Ronald, who only took over the chairmanship in July last year from Sir Graham Wilkins, will receive a large "golden handshake." He had a salary of £190,000 a year and a three-year rolling contract. The company said the precise sum would be a matter for negotiation, and it should not be assumed that he would be receiving £600,000.

Lord Keith said the decision to act had not been a sudden one. A feeling had just developed that "things were not quite right. It was nothing instantaneous."

He insisted that there was nothing fundamentally wrong with Beecham but said the company was suffering the aftermath of a long period of continuous growth

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EUROPEAN NEWS

Picket of ground staff at Frankfurt -rport

Union calls indefinite strike at Lufthansa

BY PETER BRUCE IN BONN

WEST GERMANY'S biggest public sector trade union called out its 10,000 members at the country's national airline, Lufthansa, on indefinite strike yesterday, causing little initial disruption to flight schedules, following the breakdown of pay talks.

Lufthansa said only a handful of flights had had to be cancelled because of the action, and said there had been minor delays to around 40. In Frankfurt, the hub of Lufthansa's national and international network, an official said traffic was running "better than on days with bad weather."

Officials at the union, the OTV, conceding that the first day of the strike had had very little outward effect, said, however, that domestic cargo traffic had been badly hit and that the action would begin to bite mainly when members refused to perform maintenance on aircraft in the coming days and "perhaps weeks."

OTV members, about a third of Lufthansa's workforce, are represented most strongly in the airline's ground dispatch and mainntenance operations. Lufthansa's service affiliate was also hit yesterday, meaning that a number of aircraft were not being cleaned.

The strike, the first nationwide action to hit Lufthansa for 14 years, was officially announced by the union late last week after talks with the airline over dividing up the DM 40m (£10.6m) available for the company's profit-sharing scheme from last year collapsed.

Lufthansa had wanted to make payment on a sliding scale—DM 850 flat plus 6 per cent of salary—while the union was demanding a straight DM 1,100. Lufthansa's offer averages out at DM 1,025 and the DM 75 that separates the two sides is believed to be the narrowest margin ever to lead to a national strike in post-war Germany.

The OTV, however, has insisted it is acting out of principle, and has called on trade unionists outside West Germany not to do substitute work on Lufthansa aircraft. OTV officials denied Lufthansa's claim that 90 per cent of OTV members had turned up for work yesterday, but could not give precise figures.

The strike follows a year of relative peace among West German labour since the metalworkers' strike in the summer of 1984. It does, however, coincide with a sudden, though still cautious, surfacing of hostility betwen the unions on one hand and employers and the Government on the other.

Paris centre aims to be catalyst for world TV industry

BY DAVID MARSH IN PARIS

ON THE roof of an exhibition building in the modern Parisian business district of La Defense, six satellite television antennae point up into the sky. One of the white dishes is from the Soviet telecommunications organisation Gorizont. Smaller than its brethren from the western communication groupings Intelsat, Eutelsat and Telecom of France, it *stands aloof from the* rest and is pointing in a different direction.

Inside the building, massed banks of television sets provide the visitor with a multichromatic mixture of 80 different television programmes, 30 broadcast direct and the rest on videotape, from around the world.

Luckily, they are not all showing "Dallas." Instead, there is a rich diet of shots of the Mexican earthquakes from Costa Rica, an Australian football match, a morbid Czech film featuring graveyards, and Japanese advertisements for electronic equipment.

The Chinese contribution is *of soldiers with red badges.* Jordanians are watching pigs running through abattoirs, from India comes a children's mime show while in Britain an opera seems to be getting under way.

The point behind the show, according to Mr Jean-Herve Lorenzi, is to provide a "catalyst" for the world television industry to deepen knowledge about *other countries'* programme and broadcasting techniques.

Mr Lorenzi is director of the Carrefour *International* de la Communication, a government-backed organisation with an annual budget of FFr 50m (£4.4m), one of the "grands projects" of President Francois Mitterrand.

The 80-programme "world television" spectacular, closed its doors recently after a fortnight-long opening run, will start up again early next year. The show wil be remodelled to allow broadcasting executives and engineers to analyse individual programmes, giving them a new "working tool" to gain more insight into the industry, says Mr Lorenzi.

As well as by satellite, the programmes are relayed over the air and by optical fibres.

Other projects planned for next year include a *public* show in February on how sport is televised *around* the world. The Carrefour will also be linking up with *the annual* Sicob computer industry fair to provide exhibitions of new products and technologies in areas like electronic banking and educational computers.

The climax will come when the Carrefour moves in 1988 into a 35-storey building now under construction, which will look like a giant version of one of the Stonehenge arches.

The building, at the extreme east of the sprawling 40-skyscraper La Defense site, is designed to provide a striking backdrop to the Arc de Triomphe. It will also house a battery of cinemas, conference facilities and an international press centre.

Mr Lorenzi is no *stranger* to grandiose Mitterrandesque projects. *As an adviser to* Mr Jean-Pierre Chevenement, the Socialists' earlier Research and Industry Minister, in 1982 he was one of the architects of a FFr 140bn investment plan for the electronics industry. With the amount of public sector funding for electronics less than originally hoped because of budgetary cuts, the plan is now seldom, if ever, referred to.

The Carrefour is opening up for business at a challenging time for the TV industry in France and around the world. There is still no accord on financing and on programmes for Europe's first commercial direct television satellite, France's TDF-1, due to be launched next summer.

A twin West German satellite TV-Sat looks likely to be used mainly for experimental transmissions. Britain's direct broadcasting by satellite project has been put on ice, while Luxembourg is going ahead with a rival satellite broadcasting scheme which could provide competition for TDF-1 in 1987.

Mr Robert Maxwell, proprietor of Britain's Daily Mirror newspaper, who plans *to have a financial stake in* TDF-1, was among the guests at the gala opening *of* the Carrefour last month. So was Mr Gust Graas, managing director of Compagnie Luxembourgeoise de Telediffusion, which may have a key role to play in both the French and Luxembourg projects.

Mr Lorenzi sees this as evidence of the role the Carrefour can play as a forum to bring together different players in the communications business. The two-week show has been visited, he says, by major French and European communications companies as well as executives from press groups wanting to take a stake in the TV business.

"Everyone wants to have a strong position (in the business). The problem is that up to now they have only been able to seek solutions on an intellectual level. Our aim is to provide a meeting place where people can actually visualise the solutions."

EEC close to deal on environment protection

By Quentin Peel in Luxembourg

THE FIRST small step towards agreed reform of the EEC's founding Treaty of Rome was taken yesterday, when ministers came close to a deal on making protection of the environment part of the community's formal responsibilities.

Success on that front was marred, however, by continuing divisions on how to give the EEC greater power to promote high technology research and development in European industry.

Britain, France and West Germany appeared to be lining up in unison to insist that any decisions allocating finance to specific research projects should be taken unanimously—*thereby* giving the *major* contributors to the EEC budget an effective veto.

The agonisingly slow, if just perceptible progress, brought renewed warnings that agreement on a total reform package to streamline the operations of the community is unlikely to be achieved in time for the December summit of EEC heads of state and government.

Mr Jacques Delors, the president of the European Commission, said he believed the reform process would now come in "two phases," with a limited package *for* December, and more at a later stage.

Sir Geoffrey Howe, the British Foreign Secretary, none the less urged his fellow ministers to finalise a deal in the next three weeks.

"This is the last chance to improve the way the community works before we enlarge to a community of 12, he said, referring to the forthcoming membership of Spain and Portugal from January 1. "It is important we should not miss this opportunity."

Reform after the December *summit* would not be impossible, but it would be more difficult, he said.

The progress achieved by the foreign ministers yesterday on the environment erred on the side of the "minimalist" reformers such as the UK with a consensus emerging that would keep all *important* environmental decisions subject to unanimous agreement. Only if the member states decide unanimously can a particular aspect of implementing agreed measures, for example, be decided on by majority voting.

On the question of technology, Mr Delors was *pitched* against Mr Hans-Dietrich Genscher, Foreign Minister of West Germany.

The European Commission is calling for new rules so that unanimity is only required to decide on a "framework programme" for research and *development* lasting several years. Detailed programmes within that should be decided by majority voting, Mr Delors proposed.

Mr Genscher was seeking instead a definition that would ensure that any research spending would be subject to unanimity—a stance in which he was backed by both France and Britain.

Although the technology question was left unresolved, Mr Genscher did give ground on the environment, by not insisting on on effective veto right on any decision for member states already operating rules going beyond the EEC proposals.

Slight easing of Sweden's currency controls proposed

BY DAVID BROWN IN STOCKHOLM

A GOVERNMENT committee has recommended a *slight easing* of Sweden's foreign exchange control system—one of the strictest in the industrialised world—but has concluded that the country's economic imbalances have "limited the short-term flexibility" for broader-ranging reform.

The six private-sector members published dissenting opinion, and the Federation of Swedish Industries which has been campaigning strongly for full liberalisation, sharply criticised the committee's conclusions.

At present, investment abroad must be financed by foreign borrowing, leaving companies heavily exposed to foreign exchange risks and unable to use domestic liquidity for foreign investment.

The corporate sector has some SKr 50bn in short-term commercial credits as well as about SKr 140bn in medium and long-term debt outside Sweden. It holds some SKr 150bn in surplus liquidity at home. About SKr 10bn in direct foreign investment was financed abroad last year.

The committee has proposed to permit repayment of up to SKr *1m in foreign* debts per company with domestic liquidity—a measure which will primarily benefit smaller companies—the codification of liberal practices regarding short-term foreign credit and a limited easing of the foreign financing requirements.

The committee, which has been working since 1978, said full liberalisation — including unrestricted freedom to acquire foreign equities — was desirable but unrealistic in the current economic climate.

However, Mr Anders Sahlen, a Riksbanken director, and secretary to the committee, predicted the foreign financing rules will be lifted "within two years."

● *LO*, the powerful trades union council, has sharply attacked the Social Democratic Government's economic policy and has called for an immediate cut in interest rates to stimulate corporate investment and employment. The demand comes during the run up to the crucial 1986 pay negotiations in which the Government has targeted low wage *increases* as the country's main economic priority.

Greek unions split over general strike

GREECE began a countdown yesterday to an attempted nationwide general strike on Thursday, organised by militant left wing trade unions opposed to an economic austerity programme announced by the Socialist Government last month, writes Andriana Ierodiaconou in Athens.

The *effectiveness* of the strike *will demonstrate* how successful the Government has been in persuading Greece's 3.5m workers to tighten their belts in support of the austerity measures. These include a two-year wage and salary freeze implemented through an emergency presidential decree.

The leadership of the Greek trade union congress, GSEE, is split over the strike. A *loyalist minority of socialist* trade unionists is set to support the *Government*; the majority, a mixture of dissident socialists and opposition communists, is working for the success of Thursday's action.

Eight leading trade unionists were expelled from the Socialist Party in October *for supporting* strike action against the austerity measures.

Britain free to subsidise coal until June next year

BY PAUL CHEESERIGHT IN BRUSSELS

THE UK GOVERNMENT'S freedom to subsidise the coal industry as much as it chooses remains untrammelled at least until the end of June 1986.

European Community energy ministers, meeting in Brussels yesterday, agreed to extend what is in effect an exemption from the competition rules, which have a blanket prohibition on state aid, for six months from the planned expiry date of December 31, 1985.

The decision avoids a clash between the British Government and the Commission, which has announced proposals for a tighter monitoring of the way subsidies are disbursed to national coal industries.

Coal-consuming countries *such as Denmark*, France and Italy may be expected to back any Commission bid to supervise coal subsidies more closely.

The British Government is not against the aim of the Commission proposals, which are directed towards phasing subsidies out of the coal industry altogether. But it is *politically* sensitive to any move which might appear to give Brussels greater control.

Mr Peter Walker, Britain's Energy *Secretary*, played down any thought of differences between Whitehall and Brussels. "We want to make sure that Community policy in no way conflicts with the aims of our policy," he said.

Broadly, the British argument is that, as there is little coal trade within the Community, there are scant possibilities of distorting competition through subsidies—therefore, the British Government should maintain its freedom to do as it will.

In fact, the National Coal Board has been told by the Government that it must break even in two years and reach a major degree of self-financing by the end of 1990. The argument about Community subsidies has been about the appearance of control rather than ends.

Extension of the existing subsidies exemption was held up in the ministerical discussions by a Greek demand for a Community policy on lignite

But other countries told Greece that if it wanted funds for that, they would have to come from regional aid

Danish Opposition seeks tougher hydrocarbons tax

BY HILARY BARNES IN COPENHAGEN

MR KNUD Enggaard, Denmark's Energy Minister, has expressed concern that an amendment to the Danish hydrocarbons tax proposed by the opposition Social Democratic Party may have a negative effect on second-round applications for licences to explore for oil and gas in Danish areas. The closing date for applications is Friday.

The Social Democrats, who appear to have a good chance of winning majority support for their proposal, say the amendment will only *bring forward the timing of tax payments* without raising tax rates.

The hydrocarbons tax, introduced in 1981 by a Social Democratic Government, yielded only DKr 24m ($2.5m) for the two years 1982 and 1983 and nothing in 1984.

The Social Democrats say their amendment would yield DKr 350m in tax in 1986 and DKr 900m in 1987.

The party's tax specialist, Mr Mogens Lykketoft, said the proposal has two parts. First, the hydrocarbons tax would gain a pay-as-you-earn character with a preliminary tax rate of 10 per cent of sales value less 20 per cent of investment spending.

Second the party wishes to toughen up a clause in general tax legislation on taxing multinationals.

US trying to score propaganda points, say Soviets

BY PATRICK BLUM IN VIENNA

A SENIOR Soviet commentator has accused the US Administration and President Ronald Reagan of trying to score propaganda points rather than contemplating serious negotiations before his forthcoming summit meeting in Geneva with Mr Mikhail Gorbachev, the Soviet leader.

Mr Gennady Shishkin, deputy director-general of the Soviet newsagency Tass and one of the four Soviet journalists to interview Mr Reagan earlier this month, wrote in what was described as an exclusive article for the Bulgarian Telegraph Agency (BTA) yesterday: "Judging by what we were told by the US President at the interview, the White House counts on scoring propaganda points out of the mere fact of a Soviet-American summit without any intention to budge even an inch from its stands," on the key issues.

Mr Reagan's statements were "obviously designed to soothe the US public." Deeds rather than compliments to public opinion were needed, Mr Shishkin said.

"Unfortunately, neither in his written replies nor in the talk that followed, did the US President give any concrete answer to the question worrying millions of people: What is the US planning to do in response to the unilateral Soviet steps and constructive proposals aimed to halt the arms race in all areas?"

The US President had instead sought to "advertise his Strategic Defence Initiative (SDI)". Mr Shishkin reiterated Soviet fears that SDI was intended to give the US a chance to make a first strike with impunity by crippling the Soviet Union's ability to retaliate.

The Soviet Union warned yesterday that the forthcoming summit would only be successful if real progress was achieved on key issues.

In an interview reported yesterday by the Czechoslovak newsagency, Mr Georgi Arbatov, an influential Soviet spokesman and the director on the Institute for US and Canada affairs of the Soviet Academy of Science, said: "For us success means progress on the main issues". These included disarmament, crises in various parts of the world and bilateral relations, he said.

Mr Arbatov questioned the US approach to the summit.

Polish leaders consider party shuffle

POLAND'S Communist leadership met yesterday to approve a shake-up of posts within the ruling party, on the eve of the announcement to Parliament of a reshuffled Government by Mr Zbigniew Messner, Prime Minister, Reuter reports from Warsaw.

Political sources said the party changes could affect the Politburo or inner-cabinet and the powerful Central Committee secretariat, as well as the official press and propaganda apparatus.

They are expected to strengthen further the position of Gen Wojciech Jaruzelski, the party leader, who resigned as Prime Minister last week in order to become head of state.

Mr Messner, 56, who had been a Deputy Prime Minister in overall charge of the economy, has given no clue to the changes he will make in the composition of the Government.

However, they are expected to be *significant following the move of* three other deputy prime ministers and Mr Tadeusz Szelachowski, Health Minister, to new posts in Parliament and the Council of State.

Particular attention is focused on the future of Mr Mieczyslaw Rakowski, who was a deputy premier in Gen Jaruzelski's Government and is regarded as one of his closest advisers.

Mr Rakowski was appointed a deputy marshal (vice president) of Parliament last week in what appeared to be a demotion, despite his prominent role during the government campaign before general elections last month.

He was also one of an elite of 50 national figures, including Gen Jaruzelski and Mr Henryk Jablonski, *former head of state, chosen for* unopposed election to the new parliament.

An offer to drive away with the EEC's grain mountain

BY IVO DAWNAY IN BRUSSELS

FLASHING a gleaming white smile and a Hollywood suntan, Dr Raul Gardini last week strolled into the 13th floor office *of the most powerful* man in European agriculture and *offered* to level the grain mountains permanently.

Most people touting such an improbable proposition would fail to get past the foyer of the EEC Commission's Berlaymont building. But the shy charm of Dr Gardini belies the fact that he is president of Gruppo Ferruzzi, the Ravenna-*based agro-business* conglomerate with $5.5bn yearly sales.

To talk to Ferruzzi is an offer even Mr FransAndriessen could not refuse. To take on its proposal, however, is something – at the present at least – he cannot accept.

The *Ferruzzi argument runs* as follows: Each year EEC cereals production far outstrips what it can reasonably sell. By 1990, according to the Commission's own projections, as much as 80m tonnes of unsold grains will be held in store, *forcing* down world prices and provoking other third country traders, most notably the US.

Instead, the Italians politely suggest, let the surplus be converted into ethanol, a non-polluting petrol additive to replace lead, the use of which is due to be phased out at the end of the decade.

Almost at a stroke, the company claims, its *plan to build 12 ethanol* processing plants at a cost of more than $560m could mop up 15m tonnes of cereals equivalent a year, create jobs and relieve market pressure and *international* trade tensions.

Such a plan appears almost too good to be true, and indeed it is. For Ferruzzi's *quid pro quo* involves the *granting of financial* terms by the Commission and member states that will be hard to slip through even the notoriously profligate council of farm ministers.

First, the Commission would be *required* to sell *the grain inputs for* ethanol production at prices equivalent to those on the world market. That means that all savings from unspent export subsidies – the normal means of disposal – would be passed on to the ethanol plants.

Second, the company would require member states to agree tax concessions on petrol *using the ethanol additive*. Projections for the French market calculate that this would need to amount to 10 centimes per litre, where fully taxed leaded grades now cost around FFr 3.52 (43 cents).

Finally, lost petrol *revenues* to national Treasuries would amount to *Ecu 800m ($504.7m)* a year, says a Danish research report.

But even then would not the ethanol option be worthwhile if, as Ferruzzi calculates, for less than Ecu 1bn a year out of Community funds 15m tonnes of grain would be taken *out of circulation?*

The near unanimous view of the scientists and economists who have studied the question is that it would not. Leaving aside the technical *problems* about such questions as storage methods, even the Commission's own discussion document, published this summer, estimates that the product is between 25 and *70 per cent more* costly than alternatives.

A specially commissioned EEC report concluded: "The price of grain ethanol must be reduced by *40 per cent* to become competitive."

The desirability of such a programme is also in doubt for other reasons. Firm guarantees that the ethanol would be sold would be required before building of the plants could be authorised.

That would create another costly and artificial method of disposal of *the grains mountain* in conflict with the Commission's aim of bringing world market forces to bear on producers.

"It would simply further institutionalise the existing *surplus*," said one critic, "and once the plants are built how could the Commission order their closure and the loss of *jobs that would follow?*"

Why, then, is Mr Gardini and his team even bothering to try to sell the plan? The answer lies in the EEC's tradition of bowing to political pressures in the face of the farm ministers' inability to tackle the roots of the grain surplus.

"This is just the first act in a long campaign of persuasion," Dr Gardini said last week.

There are already signs that Ferruzzi's acumen may pay dividends. The compelling economic arguments for a substantial price cut for grains has already been dropped in *favour of a producer tax in the face* of instransigence from EEC member states.

France, Italy and West Germany, fuelled by the Green lobby, have also shown *signs of interest* in the ethanol plan. And even the Commission, although publicly sceptical, has voluntarily agreed that some cash raised from producers might be channelled into an ethanol experiment.

Energy ministers yesterday agreed a directive forbidding member states to ban ethanol-blended petrol.

After his press conference last week, Dr Gardini was asked whether his campaign was based on the somewhat Machiavellian *principle, that politicians* could be counted on to take an easy rather than prudent decision.

His response was simply a big fat smile.

Albania assails East German 'exploitation'

By Leslie Colitt in Berlin

ALBANIA has accused the East German leadership of "intensifying the exploitation of the masses" in East Germany, by encouraging the development of private enterprise.

The attack by Radio Tirana came after persistent attempts by East Germany and the Soviet Union to improve relations with Albania since the death last *April* of its long time leader Mr Enver Hoxha. At the same time Albania has considerably bolstered its ties with Italy and France and is negotiating on a possible resumption of diplomatic relations with Britain.

Radio Tirana said the expansion of the private sector in East Germany and the resulting "black marketeering" was a blow against living standards of the East German masses.

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OVERSEAS NEWS

Jordan speeds rapprochement with Syria

BY ROGER MATTHEWS IN LONDON AND TONY WALKER IN CAIRO

JORDAN is accelerating the pace of its reconciliation with Syria and is today despatching a top-level delegation to Damascus to prepare for a summit meeting between King Hussein and President Hafez al-Assad.

The way for the visit was cleared at the weekend when King Hussein announced that he would no longer permit anti-Syrian factions to operate from Jordan. Although the announcement was diplomatically couched, it still represented a significant Jordanian concession and evidence of King Hussein's desire to improve relations with Damascus.

The Jordanian move appears on the surface to contradict its parallel efforts to push ahead with a Middle East peace initiative in co-operation with Mr Yassir Arafat'e Palestine Liberation Organisation and Egypt. Syria is bitterly opposed to Mr Arafat and to King Hussein's February 11 accord with the PLO which forms the basis of current peace efforts.

But with the peace effort seriously threatened by recent PLO violence and few signs that the US is willing to become more actively involved, King Hussein is giving himself greater freedom to manoeuvre than he has enjoyed for several years.

Dr Esmat Abdel Meguid, the Egyptian Foreign Minister, arrived in Jordan yesterday for talks with King Hussein. Their meeting was expected to concentrate on Jordan's relations with Syria and on the results of Mr Arafat's week-long visit to Cairo

The atmosphere between Mr Arafet and President Mubarek of Egypt appears to have improved since the PLO leader's declaration that he opposed violence outside the "occupied territories." However there are still differences within the PLO about whether the "occupied territories" includes Israel proper. Egypt made elear its anger at the seizure of the Achille Lauro cruise ship, but little has emerged to suggest any substantive progress towards reviving the peace protest.

Egypt has not commented on the Jordanian-Syrian di-logue, which has been largely sponsored by Saudi Arabia, but officials in Cairo say that it is desirable at this delicate stage of the peace process to try to reduce tensions among the Arab nations.

There is also a widespread appreciation in the Middle East of the importance to the region of the forthcoming summit meeting between the US and the Soviet Union. Unless the US is willing to concede some role to Moscow it is feared that it will prove impossible to involve Syria in a peace process.

Egyptian premier launches investment drive

BY TONY WALKER IN CAIRO

DR ALI LUTFI, Egypt's new Prime Minister, is launching a determined drive to attract investment et a time when the Egyptian economy is facing serious difficulties because of inflationary pressures, bard currency shortages and an increasingly burdensome foreign debt.

Dr Lutfi, a professor of economics and a former Finance Minister, said in an interview that be is determined to improve the climate for investors in Egypt as a means of increasing exports and employment opportunities.

Among measures be is adopting is the establishment of a special section in his own office to smooth the way for new investment. Acknowledging that potential investors in Egypt often face bureaucratie obstacles, Dr Lutfi pledged to intervene if there are unreasonable delays. "I am by nature against bureaucracy," he said

Dr Lutfi, who was appointed Prime Minister two months ago with the difficult task of pulling Egypt'e economy beck from a looming crisis brought about in part by a failure to tackle serious structural problems such as an unrealistie pricing system, says he has four immediate priorities:

- To restrain prices and encourage production.
- To eliminate waste, particularly in the distribution of foodstuffs.
- To give a "substantial" push to the private sector, including an extension of tax-free holidays for new investment and relief on payment of customs duties or equipment needed to establish ventures.
- To gradually reduce subsidies, while at the same time increasing wages.

Dr Lutfi said that ventures established under Law 43 of 1974, which enshrined the late President Anwar Sadat's "open door" policy, would be entitled to 10-year tax bolidays instead of the present five years.

He is proposing to streamline the system of investment applications so that investors will have to deal with only one government department instead of up to balf a dozen. He is also instituting a two-month time limit for decisions on new investment proposals.

"If there is any complaint," be said, the person involved "can come immediately to my office to speak with mo and I shall find a solution for him. I think this is new thinking to create a new elimate for investors in Egypt."

Direct Western investment in Egypt since 1974, excluding the oil sector, has been disappointing. According to figures provided recently by Egypt'a Investment Authority, Western investment in projects in production or under implementation totals about \$350m (£245m).

Dr Lutfi'e other priorities are to increase earnings from tourism and to encourage an inflow of Egyptian expatriete remittances. He estimates that the 3m Egyptians abroad are saving about \$3,000 each year, or e total of \$9bn.

He said that expatriate remittances are running at between \$2bn and \$3bn a year, only a fraction of funds available, and therefore large sums are waiting to be tapped for investment. Dr Lutfi plans to send out teams armed with feasibility studies of potential projects aeeking investors with the promise of quick approval for such projects.

He said another concern, epart from encouraging exports, was to reduce imports through e new system of customs tariffs to be introduced at the beginning of next year. At present, the deficit on Egypt's balance of trade is about \$6bn.

Also under study are new arrangemants for the foreign exchange market

It is understood thet among the options is a package of measures that would include a simplification of Egypt's multiple exchange rate regime, licensing of money brokers who now have an ill-defined role and an attempt to bring the officiel rate of the Egyptian pound more into line with that

Dr Lutfi: attack on red tape

available on the black market.

Dr Lutfi said that the Government is working on an austerity programme which will inclnde measures to increase tax collection within the existing scale. He indicated the Government is planning ferreeching economie reforms thet may be unpopular, but be said be is confident thet be can convince people that "in the medium and long-term it is to their benefit."

Philippines minister warns on rebel threat

By Our Foreign Staff

PHILIPPINE Defence Minister Juan Ponce Enrile yesterday said that at least 10 years would be needed to control the Communist insurgency in the country.

Even if an opposition leader was elected in the poll being sought by President Ferdinand Marcos for January 17, it "will take at least a decade before the situation could be contained."

Mr Enrile's remarks contrasted sharply with those of Mr Marcos, who recently said he believed his army could defeat the rebels within a year, given continued US military support, and those of the US Senate Intelligence Committee, which said that Mr Marcos had only about three years to make major political reforms before unrest forced his Government out of office.

Meanwhile, Mr Marcos yesterday presented a Bill to Parliament calling for the election amid continued confusion over constitutional issues.

While Parliament, which is dominated by Mr Marcos' New Society Movement (KBL), is virtually certain to approve Government-sponsored legislation, tho question of whether the poll will involve a vice presidential election remained unclear.

Mr Marcos originally said he would seek a fresh mandate for bimself, since the issue at hand was "Marcos alone." However, the constitutionality of such a poll is still open to question,

Police release Eastern Cape boycott leaders

BY ANTHONY ROBINSON IN JOHANNESBURG

SIGNS OF a breakthrough in the four-month black consumer boycolt of white businesses in the Eastern Cape emerged yesterday wben local police released prominenl boycolt organisers and local black political leaders.

The order releasing Mr Mkhuseli Jack, the ehief boycott organiser, Mr Henry Fazzie, vice president of the United Democratic Front (UDF) in the Eastern Cape and 17 other leaders arrested under the state of emergency was signed by Mr Louis Le Grange, Minister of Law and Order.

Mr Tony Gilson, president of the Port Elizabeth ehamber of commerce yesterday welcomed tbe release of the men. "Hopefully it will set in motion a chain of events wbich will lead to negotiations at a local level, not only over the question of the boycott itself but also many ol the other grievances of the bleck community in this area of high unemployment and social deprivation" be said.

Inspite of the arrest of many boycott leaders, local chambera and individual businessmen, like the four Watson brothers who run a ehain of men's outfitters and business groups in several smaller Eastern Cape towns, beve mainteined contact with underground boycott leaders.

Their efforts bore fruit last week when a two week lifting of the boycott from November 15, was announced. The move has allowed the Government to release the detained leaders without losing face.

The boycott has spurred local businessmen and white authorities into taking a greater interest in black social and economic grievances, especially demands for improved housing and educational facilities.

Meanwhile President P. W. Botha yesterday met senior academics and education officials from the Western Cape in an effort to defuse potentially explosive problems in schools throughout the area caused by the Government'a refusal to delay examinations after months of school boycotts, violence and intimidation.

Under the tri-cameral constitution the education of coloured students in the area is an "own affair" admioislered by Mr Carter Ebrahim, the colonred Minister of Education. His decision to close Cape schools two months ago, and subsequent refusal to be flexible on examinations and demands for a new curriculum and teaching methods, have enraged many middle class as well as more radical students, teachers and parents.

This has been a major factor behind the unrest which has cost over 70 lives since August and led to the extension of the state of emergency. It has also further weakened support for the tri-cameral constitution amongst the coloured community which is pressing for a unified education system for all races.

China softens line in Indian border talks

BY K. K. SHARMA IN NEW DELHI

THE Sino-Indian border dispute remained unresolved when the sixth round of talks between the two countries ended in New Delhi yesterday. However, Indian officials detected a distinct change in the Chinese approach to the issue.

During the week-long talks China accepted the Indian view that the border dispute, over which the two countries went to war in 1962, should be considered sector by sector.

Previously it argued that the entire border, which stretches along the Himalayas from Kashmir in the North to Arunashal Pradesh in the north-east, should be dealt with on the basis of its "package proposals."

Under these proposals, China suggested that India should agree to settle the border in Kashmir on the line of control as it emerged after the 1962 war while China would give up its claim to Arunachal Pradesh.

India felt this would lead to e recognition of the status quo and leave about 14,000 square miles of Indian territory in Kashmir with the Chinese. India would get nothing in return as Arunachal

Pradesh is already an integral part of the country.

In the round of talks that ended yesterday, the two delegations discussed in "substantive" terms their positions on the "eastern sector," that is Arunachal Pradesh. In the next round, to be held next year in Peking, the two countries will discuss the Kashmir border

From India's point of view, this is taken as acceptance of its view by the Chinese that e discussion "sector-by-sector" should be taken up.

GCC links with Iran to be tested

By Kathy Evans in Dubai

JUST A few days after the conclusion of the Gulf Summit in Muscat, the Gulf - Cooperation Council's initiative to establish better relations with Iran is being severely tested.

Two senior Gulf officials, Mr Yousef al Alawi, Omani Minister of State for Foreign Affairs, and Mr Ibrahim al Soubhi, Deputy Secretary-General of the GCC, have travelled to Baghdad in what is hoped to be the first leg of a tour which will eventually lead to the Islamic Republican capital in Tehran.

There is growing speculation in Tehran that Iran will encourage the GCC initiative, and may even be willing to offer the Gulf region a non-aggression pact. This, however, would be contingent on the Gulf countries demonstrating their professed desire for better relations by such gestures as cutting off aid for the Iraqi war effort. Most observers believe that such a demand would be unacceptable to the GCC.

The fact that the Gulf officials' tour begins in Baghdad is being interpreted by Iran as an attempt by the Gulf countries to reassure Baghdad of their support.

Financial Times Tuesday November 12 1985

EEC divisions over Nicaragua mar talks on regional pact

BY QUENTIN PEEL IN LUXEMBOURG

THE INCLUSION of the embattled left-wing government of Nicaragua in a new economic and political co-operation agreement between the EEC and Central America yesterday threatened to disrupt last-minute negotiations on the deal.

Some 21 foreign ministers from the Community, the Contadora group of nations seeking to negotiate peace in the region, and the six central American states involved, met to sign the agreement in Luxembourg but several raised queries over the talks.

The Community met for an hour and a half yesterday morning to iron out differences between France, West Germany and the European Commission over how to tie aid finance to the observation of basic democratic and human rights.

The outcome came in the form of a series of statements in the annexe to the agreement, due to be signed today. They reflect continuing differences over how to treat the current state of emergency in Nicaragua.

The Bonn Government insisted that "funds to be earmarked for development projects" be linked to a statement calling on the governments of *Central America* to safeguard human rights and democratic *liberties*.

France, on the other hand, insisted that the economic co-operation agreement was a regional one, and should not be implemented by discriminating between the different states of Central America.

The foreign ministers in attendance come from Costa Rica, Guatemala, Honduras, El Salvador, Panama and Nicaragua.

The plan is for the Community to sign a five year agreement for economic commercial and development assistance.

Foreign Minister Miguel d'Escoto leads Nicaraguan delegation

The divisions within the Community were mirrored yesterday by continuing disputes on the Central American side.

Honduras in particular objected to the inclusion of Nicaragua, because of that country's refusal to reduce its armed forces in line with the proposals by the Contadora states.

The charge was rejected by Nicaragua on the grounds that no disarmament was possible as long as the country was threatened by US aggression.

In spite of the differences, EEC officials are confident the deal will be signed today, increasing the modest amount of aid to the region, but more importantly underlining European interest in and concern for a stable outcome to the current conflict there.

Tim Coone in Managua explains why there will be no quick end to the war

Military balance shifts to Sandinistas

A *MONUMENT* covered in flowers stands today in a field on the outskirts of *Pantasma* where two years ago the bodies of *46 Campesinos, peasant* farmers were covered in lime and placed in makeshift graves next to the ashes of their wooden homes.

They had been members of a Sandinista farming co-operative in the northern Nicaraguan department of Jinotega. They were massacred when a large column of US-backed guerrillas, or Contras, attacked in force.

It has become a memorable action both for the Contras and for the Sandinistas: for the Contras because it was their most devastating attack which galvanised the Government into realising it had a serious problem in the country's mountain region.

Pantasma is still in the heart of the warzones in Nicaragua, but the incident of October 1983 is unlikely to be repeated. A battalion of troops specialising in guerrilla warfare is now stationed permanently in the Pantasma valley, and patrols are constantly in the surrounding hills supported by heavy artillery and air power.

The state farm of Castillo *Norte, 10km away, which was* razed by the Contras in May 1984, is still abandoned, but the coffee crop will be picked under *military* protection this year. Another co-operative at nearby *El Ventarron was also* abandoned and the members have moved closer to the Pantasma valley and the security of the main road from Jinotega.

At two other sites in the valley, the corrugated tin roofs of another 200 new houses glint in the sunlight between downpours of unseasonal rain, where families that have been pulled out of the mountains are to be relocated.

In military terms, it is hard to dispute that the Sandinistas are winning against the guerrillas. *In the Jalapa valley*, close to the Honduran frontier and the *main bases* of the Contras, people travelled in *constant fear of ambushes* two years ago, but there has barely been an incident for a year. The "strategic defeat" talked of by the Sandinista leaders is a fact.

Commander Xavier Carrion, the head of operations of the Nicaraguan armed forces, at his headquarters in the northern coffee town of Matagalpa, said that although the war could go on for several years, the Contras were now losing on the political, material and human fronts, the three parameters by which the army assesses the strength of its adversaries.

Politically, the Sandinistas have regained ground in the isolated mountain regions they had earlier ceded to the Contras, both through a counter-insurgency strategy involving relocation of peasant families that had been supporting the guerrillas, and through greater attention being given to the needs of the peasant communities.

Controls on grain sales have been eased and supplies at controlled prices of basic items such as handtools, rubber boots and clothing have been greatly improved in the war zones. The agrarian reform, which until last year concentrated only on distributing land to formerly landless peasants, now focuses primarily on increasing the land owned by the small individual farmer.

Commander Carrion admitted that earlier government policies had allowed the development of a social base for the Contras. "We abandoned some areas, but we are not going to make the same mistakes again."

Militarily, the use of more and better trained troops, their constant patrolling of disputed territory, the introduction of the awesome MI-24 Soviet made helicopter gunship, and *better transport* and battlefield communications have served to *shift* the military balance decisively to the Government's favour. A stronger military presence has brought a stronger political presence and allowed social programmes to be restarted.

According to Commander Carrion, troop losses are running at a ratio of four or five to one in the Government's favour. In October, 140 guerrillas had been killed for the loss of 31 government troops.

"They are unable to maintain numbers either through forced or voluntary recruiting." He estimates that there are now only some 3,000 guerrillas inside the country, with another 5,000 outside, mostly in Honduras, waiting for an opportunity to launch another offensive.

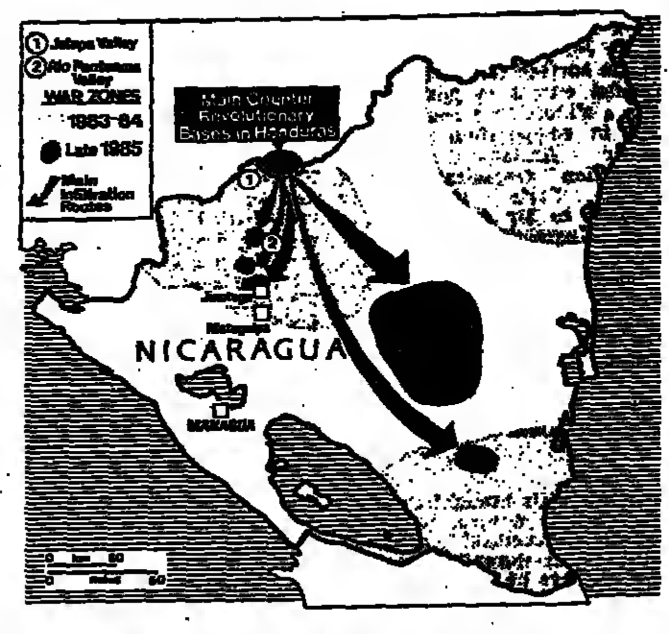
"It is possible that they might still be able to concentrate their forces for a major attack, but it will now be to our advantage. We are waiting for them."

The last big attack in early August on the town of La Trinidad which straddles the Pan-American highway, cost the guerrillas one third of their 600-strong force.

It appears the Contras are now forced to operate in much smaller units of 10 to 20 troops and are avoiding contact with army units.

The militias of the co-operatives and state farms, once the principal targets of the Contras in 1983 and 1984, are now able to hold their own until reinforcements arrive.

"The Contras' plan to liberate territory, declare a provisional government and call for international recognition and support has been defeated," said Commander Carrion. "They no longer have any greater military perspective, and that is the strategic defeat we talk about. They only military option they have left is a long war of attrition."



That appears to be the future perspective of this already four-year-old war. The quick victory promised by the Contra leaders in 1983 and 1984 is no longer talked about. The guerrilla forces face demoralisation and heavy losses which only dedicated political commitment in the rank and file can overcome to be able to carry out a prolonged war.

Commitment such as this is clearly not a strongpoint of the Contras. US funds will continue to sustain the war, but even the introduction of heat-seeking missiles against the Government's new helicopters has so far been unsuccessful.

Military victory is in sight for the Sandinistas, but Commander Carrion recognises "it has been at a huge social and economic cost." Even the peasant relocation programme started last February has been cut in half due to a lack of resources, 3,500 hectares of coffee plantations have been abandoned in the war zones and basic grain and cattle production has been seriously affected.

More than half the Government budget is dedicated to defence and is bleeding the economy. Important advances in health and education in the early years of the revolution are being lost as ministry budgets are slashed and investments halted. Commander Carrion expects the economy will not start to pick up *again* until 1987.

Until then, falling living standards will sharpen discontent in the cities, and the Sandinistas face the prospect of their main battlefield shifting from the military front to the economic one.

It is certainly no coincidence that a state of emergency was reintroduced last month for a period of one year. A strategic defeat has been inflicted on the guerrillas, but victory in a war of economic attrition is still a long way over the horizon.

Cerezo in battle for Guatemala presidency

By David Gardner in Guatemala City

PREPARATIONS have begun for the run off in Guatemala's presidential elections due on December 8. Mr Vinicio Cerezo, the Christian Democrat candidate, emerged with 42 per cent of the first round vote on November 5. But he is now having to canvass hard to ensure he can win sufficient support for a clear-cut victory over his rival, Mr Jorge Carpio, leader of the right wing National Centre Union (UCN) in the second round.

In addition Mr Cerezo faces a difficult task convincing the military that, as a future president, he will not impinge too much on their privileges. The military seem willing to respect the run-off result, but it is far from clear how much they intend to let civilians rule the country.

Mr Cerezo recognises that the future of democracy depends on re-establishing civilian control over the army, and that the savage violence in which Guatemala has been submerged will not end until this is done.

In 25 years of counter insurgency operations against successive challengers from left-wing guerrillas, an estimated 100,000 people have been killed, most of them Mayan Indian peasants, who numerically dominate the *Ladino* or mixed race elite. Guatemala has earned the worst human rights record in Latin America, copiously documented

Although the military is probably exaggerating the guerrilla threat, it has smashed nearly all independent organisations in the capital, with trade unions, professional organisations and the universities taking the brunt rather than the normally quiescent parties.

The countryside has also been militarised. Nearly 1m Indians have been press-ganged into civil defence patrols, perhaps 60,000 more herded into garrisoned "strategic hamlets," and several hundred thousand displaced by the army's scorched earth policies. The military controls all provincial affairs through a system of departmental committees, known as CICs. The rural economy of the densely populated Indian highlands has been violently dislocated.

Guatemala's conservative Catholic heirarchy, in a pastoral *letter on the elections*, twice used the word "slavery" to describe the *conditions of* the majority of the 8m population.

Mr Cerezo has said he will make the civil defence patrols voluntary, put the CICs under civilian control but leave intact the Vietnam style strategic hamlets.

The new constitution which will come into effect in January, gives the army an important role in development policy, as well as enshrining its total control over security issues. In addition, it maintains effective military control over the Defence Minister named by the President but from a short list provided by the army.

There will be no Argentine style trials of senior officers for past atrocities. The strategy is to build up an independent judiciary capable of dealing with abuses of power.

In effect, the slate is to be wiped clean on the 31 years since a CIA-backed coup brought in military rule. The Christian Democrats are opting for a cautious incremental strategy of reasserting civilian control, but one which will always have tight limits.

Shell plans to cut oil exploration in Peru

BY DOREEN GILLESPIE IN LIMA

PERU IS beginning to experience the first results of its radical treatment of international oil companies. Royal Dutch Shell is planning to slow down exploration in the country's central and south east jungle.

Shell Exploradora Y Productora Del Peru, the Royal Dutch Shell subsidiary, said it is withdrawing one of its two seismic teams in mid-November and the second team in mid-December. It it also slowing down drilling of four wildcats which it had planned to drill in quick succession in the central southern jungle. The company will now drill two wildcats in the area. The second two have been postponed until 1987.

Shell said it is reappraising its programme in Peru and under the present circumstances is no longer interested in taking up additional acreage. The company is concerned at the Government's delay in reaching new agreements with oil companies. It is concerned also at what it perceives as the Government's negative attitude towards foreign investment.

Cross-border culture clash

BY BERNARD SIMON IN TORONTO

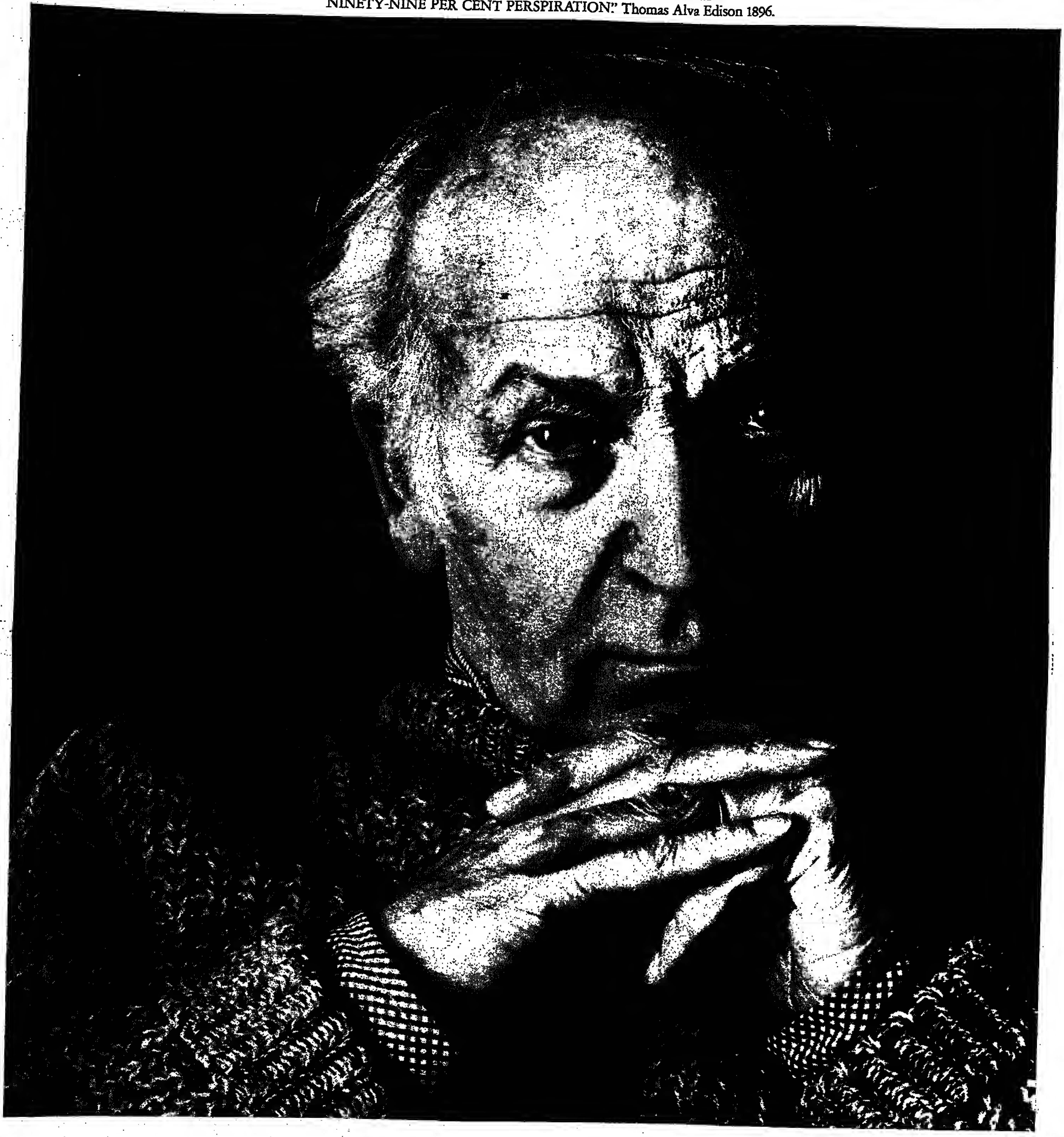
US CONCERN at Canada's policy of protecting domestic culture has provoked a political controversy which is likely to complicate proposed steps towards trade liberalisation between the two countries.

Mr Joe Clark, Canada's External *Affairs Minister*, has angered the local publishing industry and Canadian nationalists by indicating that the Government may be prepared to bow to Washington's insistence that free trade talks must include the dismantling of barriers in cultural sectors, such as book and magazine publishing.

Culturally sensitive industries, such as publishing, broadcasting and film production are specifically excluded from the relaxation last summer of curbs on foreign investment in Canada.

The Canadian Government is under pressure from the US to approve the acquisition by Gulf and Western of Prentice-Hall Canada. Ottawa has delayed taking a decision on the application, which is regarded as an important test case.

"GENIUS IS ONE PER CENT INSPIRATION AND
NINETY-NINE PER CENT PERSPIRATION." Thomas Alva Edison 1896.



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WORLD TRADE NEWS

Ericsson, NEC lead in fight for HK phone exchange deal

BY JASON CRISP IN HONG KONG

L. M. ERICSSON of Sweden and NEC of Japan are now the clear front-runners to win a significant order for a second system of digital telephone exchanges from the Hong Kong Telephone Company (Telco).

This is a further blow to Britain's falling hopes of ever selling System X into a significant export market.

The decision will not help the already slim prospects for the British-developed telephone system in China, where companies like CIT-Alcatel of France, L. M. Ericsson, ITT of the US, and Fujitsu of Japan already have a foothold.

The Telco decision, to be made at the end of this month, is certain to go against GEC of the UK, which was one of four suppliers short-listed. The other competitor for the contract is northern Telecom, of Canada.

Although GEC is understood to have been close to its rivals on price in a very low-cost bid, System X failed to win on technical grounds.

Not only would it have taken considerable time to convert it to the US signalling system used by Telco, it was also said to be uncompetitive in size and power consumption.

Telco, which is 80 per cent owned by Cable and Wireless, the British-owned international carrier, already buys digital exchanges from Fujitsu at an exceptionally low price of about £100 an exchange line.

Like most telephone authorities, including British Telecom, Telco is seeking a second system for security and to ensure competitive pricing.

Telco is planning to instal about 250,000 lines of digital exchanges a year worth HK$250m (£23m) — HK$300m shared almost equally by the two systems. It is likely to be installing these exchanges over 10 years or more.

The other three companies are broadly competitive on both price and technical grounds. L. M. Ericsson and NEC are favoured because they have better engineering support in the region.

Although NEC may be slightly more aggressive on price, Telco is known to be concerned about choosing a second system from a Japanese supplier.

Norwegian rig order wins state loan pledge

By Fay Gjester in Oslo

A NORWEGIAN Shipbuilding and offshore fabricating concern which had booked a tentative order for a NKr 800m (£70m) mobile drilling rig — the first to be ordered in Norway for four years — has been told that it will get the large government loan guarantee on which the whole project depended.

Mr Petter Thomassen Minister of Industry said the Government is to shoulder a larger share of the risk than normal in such projects, by guaranteeing 85 per cent of the NKr 750m building loan.

The consent of the Storting (parliament) will be required, as would all such guarantees exceeding 75 per cent of the loan total, but it is expected to be granted.

The contract is badly needed by the group involved — Trosvik — and will guarantee the jobs of several hunderd employees for almost two years, until the rig is delivered in summer 1987.

Christiania Bank, which is arranging the building loan, will —together with other participating banks, some Swedish—provide the remaining 15 per cent guarantee cover.

Mr Thomassen said an exception was being made because of the project's size and importance and because an element of Nordic co-operation was involved.

The group ordering the rig is headed by Laly, an investment/shipping company.

Foreign visitors' cash is boosting revenues, Francis Ghiles writes

Tourism helps Tunis fill oil gap

SENIOR OFFICIALS at the Tunisian Ministry of tourism are keeping their fingers crossed: the recent Israeli raid on the headquarters of the Palestinian Liberation Organisation headquarters on the outskirts of Tunis has so far only led to handful of cancellations from foreigners intending to visit the country.

Were Tunis to get caught up further in the Middle East conflict, tourism would inevitably suffer, and with disastrous consequences for this small North African economy. Indeed tourism this year is expected to earn Tunisia Dinars 415m (£432m), a 15 per cent increase on last year's figure and one set to increase by at least 10 per cent next year if block bookings already signed by foreign tour operators for 1986 are a good guide.

As earnings from crude oil exports, worth Dinars 581m last year, decline under the twin impact of falling production and price, tourism by 1988 or 1989 could well regain the position it held until the late 1970s as Tunisia's major hard currency earner.

Overnight stays by tourists have increased by 23.7 per cent so far this year: French nationals provide the largest contingent but West German and British visitors so far have increased by 35 and 31 per cent respectively this year. The number of Libyans visiting Tunisia fell sharply because of the two countries' worsening relations while the number of Algerian tourists rose. The Libyan loss hurts as Libyans are, per capita, the biggest spenders.

A record 2m foreign visitors will have visited Tunisia by the end of this year.

This is more than a tenfold increase since 1975. Today the livelihood of 500,000 Tunisians is directly or indirectly dependent on the sector—35,000 hotel staff and 100,000 indirect jobs in transport, catering and handicrafts. In a country of 6.5m, which only boasts slender resources, a further long term development of the tourist sector is vital.

Hotel construction acts as an engine for the building sector, and provides jobs to many Tunisian architects. About 85 per cent of the cost of a new hotel is spent on materials and furnishings made in the country.

As it grows and matures, the tourist sector faces a number of challenges the first is the upkeep and renovation of the first generation of modern hotels built in the 1970s at a time when energy was cheap and tourists more interested in having a larger room than in being entertained.

New investment regulations today provide those who refurbish old hotels with the same tax advantages as those who build new ones.

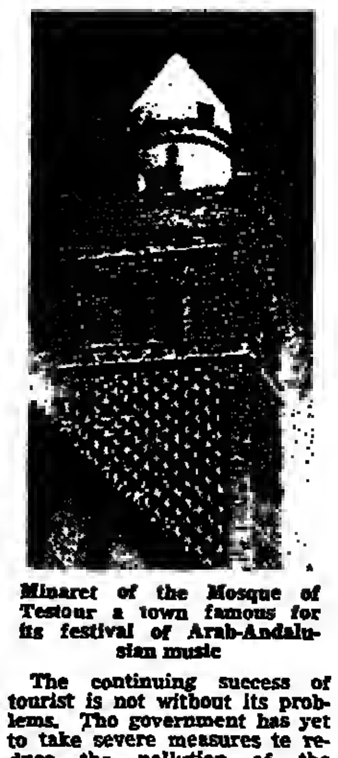
The state hotel company, Societe Hotelliere de Tourisme de Tunisie (SHTT) is putting a number of hotels on the market, such as the Miramar in Hammamet, but it sometimes takes up to two years to settle a transaction, a state of affairs which does not help to maintain good management.

An increasing number of hotels are built and run by private Tunisian individuals or companies, with the Jerba Menzel in the island of Jorba still regarded as the best in the country.

The consortium Tunisio Koweitien de Developpement, a subsidiary of the Kuwaiti Real Estate Investment Company, is opening four new hotels this year which will ring its total in Tunisia to eight. A further three are planned by the company, all of whose 1,500 staff bar its chairman, are Tunisian. Mr Ahmed El Ibrahim's right hand man, Mr Taoufik Kastalli, is typical of the new breed of competent managers typical of Tunisia today.

Hyatt Regency recently opened a 2,500 bed hotel at Cap Monastir, a project the Saudi businessman Mr Ghait Pharaon has been actively involved in.

Hilton is to add a new hotel to the one it has in Tunis, while Sheraton boasts one of the best hotels in Hammamet. At the large new tourist development of Port El Kantaoui, the Hannibal Palace, managed for five years by Trust House Forte, is for sale. By the end of next year, Tunisia will be able to offer foreign visitors 100,000 beds.



Minaret of the Mosque of Testour a town famous for its festival of Arab-Andalusian music

The continuing success of tourist is not without its problems. The government has yet to take severe measures to reduce the pollution of the beaches which, around Tunis and Carthage has reached alarming proportions, and the telephone system outside Tunis is in need of upgrading.

The authorities also are under pressure to ensure that Tunis Air does not lose its appeal for charter flights originating in France, the UK and West Germany as it already has done in Belgium and Holland. UK carriors last summer offered tickets costing £110, £40 below Tunis Air prices.

Bank of America is expected to close its representative office in Tunis before the end of the year, Francis Ghiles writes. Opened as an offshore bank in 1979, it was downgraded to a representative office in 1981 and its staff cut further in 1983.

Three other US banks are represented in Tunis: Chase Manhattan and Bankers Trust have representative offices, Citibank a full branch. Citibank and Bankers Trust are by far the more active of the four.

French to share in US aero-engine contract

UNITED AIRLINES of the US has placed an order worth \$800m (£570m) for 250 CFM-56-3 engines from the CFM International consortium to accompany its \$3.1bn order for 110 Boeing 737-300 aircraft announced last week Reuter reports.

CFM is a joint venture of the French state-owned aero-engine maker Snecma and General Electric of the US.

Snecma's share of the contract is worth \$500m. This is larger than General Electric's share since the aircraft will also be equipped with thrust reversers made by Hispano-Suiza, Snecma's Spanish subsidiary.

The contract followed recent confirmation of a \$500m order by Air France for between 60 and 70 larger CFM 56-5 engines to power 25 Airbus A-320 aircraft made by the European Airbus Industrie consortium, Snecma said.

About 6,000 people are employed in France making the CFM engines, with a further 15,000 jobs indirectly dependent on them.

● Pakistan International Airlines (PIAC) has purchased a second-hand Airbus from Hapag-Lloyd, a European charter service, PIAC said.

It did not disclose the price, but aircraft dealers said PIAC was likely to pay around \$25m, financed by corporation and borrowings.

Talks to resume on new UK-China air accord

BY DAVID DODWELL IN HONG KONG

POLITICALLY sensitive talks are due to resume in London tomorrow on a new air services agreement between Britain and China.

The main issue in the talks is the pattern of flights between Hong Kong and cities in China, as the British colony moves towards the resumption of Chinese sovereignty in 1997.

In the wake of the Sino-British agreement on Hong Kong's future after 1997, air traffic rights have become a more-than-usually controversial issue.

Many expect Peking to honour is promise of a "[illegible] degree of autonomy" for [illegible] territory by granting to [illegible] Kong-based airlines the right [illegible] operate more regular [illegible] into the mainland.

At present, CAAC, [illegible] national airline, operates [illegible] flights a week to Hong Kong from various cities in China. By comparison, British carriers fly just five times a week into China, with British Airways operating a service to Peking, and Cathay Pacific flying to Shanghai.

The talks in London this week between British and Chinese aviation authorities are aimed at redressing this imbalance. An abortive first round of talks was held in Peking just over two months ago.

Mr Colin Marshall, chief executive of British Airways, signalled yesterday that his airline was pressing in the current negotiations for the right to fly more frequently to Peking, but via India rather than Hong Kong.

He said flights between Hong Kong and destinations in China or elsewhere in the Far East should be regarded as regional services in which British Airways has no direct interest.

Mr Marshall was speaking in Hong Kong after taking on the inaugural British Airways flight linking the British territory with Manchester in the North of England.

"Negotiators must give priority to carriers that are based in Hong Kong, or based (in China)," the company said. "The end-section of a very long route by a carrier such as ours will have to take second place."

[illegible] newly-established airlines both [illegible] in Hong Kong [illegible] pressing [illegible] services [illegible] in mainland China [illegible] of Hong Kong Air Traffic Licensing Authority (ATLA) is due to be held on December 2 to consider their applications.

Confusion surrounding the emergence of the two airlines — Honk Kong Dragon Airlines and Caledonian Far East — is thought to have been an important factor in the failure of the September Air Traffic talks in Peking.

It is as yet unclear whether agreement can be reached in this week's round of talks. The British negotiating team has been significantly upgraded in an effort to signal to Peking that London is keen to reach an early settlement.

However, Chinese officials have a reputation for being reluctant to conclude agreements when not negotiating on Chinese soil.

British team returns to N-plant negotiations

BY ROBERT THOMSON IN PEKING

A BRITISH delegation resumed talks today with Chinese officials over the supply of equipment for a \$4bn (£2.8bn) nuclear power plant at Daya Bay near Guangzhou (Canton) in Southern China.

The British team, consisting mostly of representatives of GEC, has been asked to cut the price of turbines for the plant by 25 per cent.

It is significant that the number of British Government representatives is smaller this time in the protracted talks, as the two sides are understood to have agreed on government credits for the project.

Meanwhile, officials from Framatome of France are said to be in the midst of a indefinite "pause" in their discussions with the Chinese over the supply of two nuclear reactors for the 1,800 Mw plant, for which a complementary British-French package has long been earmarked by the Chinese.

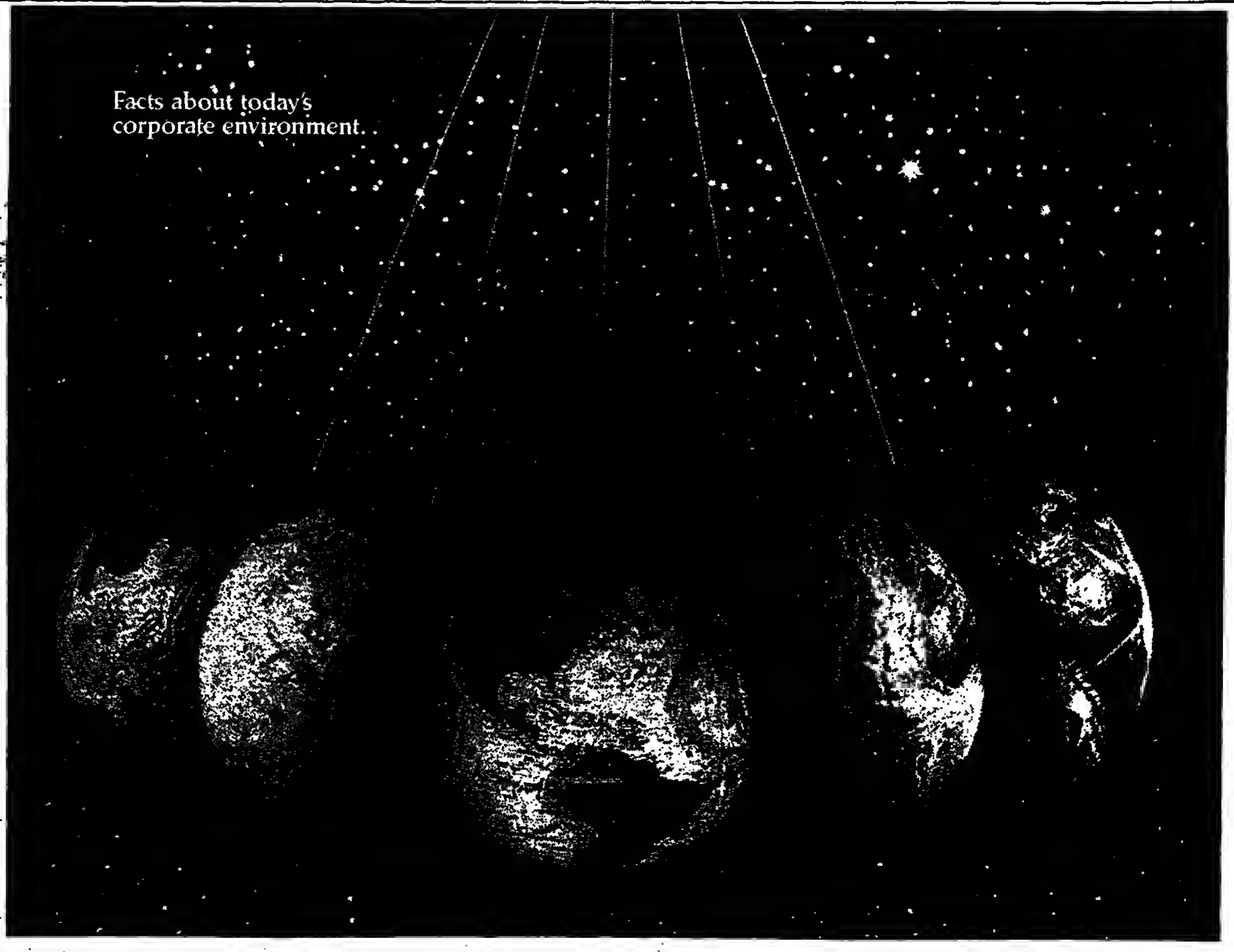
"I can't tell you when the negotiation will start again," a French official said. He indicated that the French side was still a sizable distance from satisfying the Chinese demand for a 20 per cent cut in the price of the \$1.4bn reactors.

Chinese officials have said both sides remain more than 15 per cent away from the discount price demanded by them. They have also indicated they have had contact with other nuclear suppliers from West Germany, elsewhere in Europe and Japan, but have publicly claimed to be against "international bidding."

That the British and Chinese appear to have settled the dispute over government credits for the plant equipment is an important step for the British side. The supplier credits are expected to come from Britain's Export Credits Guarantee Department. When Zhao Ziyang, the Chinese Premier, visited Britain earlier this year, he made it clear that the Chinese sought two concessions: A discount on equipment cost, and better terms for the government credits.

Negotiations between GEC and Guangdong Nuclear, which is overseeing the development of the plant in Guangdong Province, broke up just over two weeks ago with the matter of price unresolved, and the Chinese threatening to call other suppliers to the negotiating table if a quick settlement was not reached.

British officials say the GEC negotiators, who arrived back in Peking late last week after returning home, will stay in Peking indefinitely in a bid to reach a conclusion with the Chinese.



Tate Gallery/William Packer

The supreme master of collage

Collage as practice is as old as scissors and paste, but as a self-conscious discipline of the visual arts it goes back only to the later phases of Cubism and to Picasso in particular, who incorporated a length of wallpaper into one of his still life compositions. The magpie instinct that was always latent in the artistic temperament, to seize upon and celebrate hitherto unconsidered trifles and to make trophies of the commonplace, needed only the hint to be discovered and exploited openly. One thing soon leads to another and Picasso himself, with his protean gift of mischievous invention and transformation, was quick to see that the imaginative scope of his inception stretched far beyond purely formal use. To the more self-consciously free and iconoclastic spirits of Dada, gleefully anarchistic and anti-art, it was heaven-sent, something so close to their hearts in both process and principle that surely they would soon have had to invent it, as perhaps in truth they did, for themselves.

For here was the perfect vehicle for the expression of their ideas and polemic, direct and even easy in its manipulation and materially unprecious —for what could have less nominal value than tha ephemera and the detritus of everyday life? Yet how delightfully rich it all was in imaginative and suggestive possibility, the found object picked up to be transformed by arbitrary juxtaposition, visual wit and formal discretion and ingenuity. Art was made and yet not made: the mundane scrap elevated to a higher plane of consideration simply by selection, nomination and inclusion. To object that art could not be made, or argue that it should not be made of such stuff as newsprint or bus ticket was, and still is, to miss the point. To accept it a shade too readily as such was to risk declaring oneself quite as much a victim of the same tease.

Such argument is inherent in the medium still, though critical study and a general familiarity have combined over the years to render it hardly a matter of great controversy today. It is a nice point that it was *Kurt Schwitters*, whom we now see as the supreme master of the collage, who was active within the community of Dadaists and constructivists in the years just after the First World War, who was yet to be tha one to defuse the argument and make it safe.

The Kots Picture, from the Sprengel Museum, Hanover

To say as much is not to make light of his involvement with the avant-garde of the early 1920s, nor to belittle tha importance of *his particular* contribution to the subsequent development of Dada and constructivist art. But he came to Dada just a little late in the day and was always to suffer the status of recruit rather than *originator*, the *arriviste* and opportunist of the movement in the eyes of its more austere and ideologically sound founding members. His earlier work had been a vigorous and open version of expressionist painting close in spirit to that of Kirchner and *Kandinsky* before the war.

It was not until 1918, on visits from his home in Hanover to Berlin, that he came in contact with Dada, meeting artists such as Hans Arp and Richard Huelsenbeck of the original Zurich group, and the Berliners Raoul Hausmann and Hannah Hoech, both of them wonderful exponents of collage. He began to make his own collages at about this time but, crucial as the practical example of Dada was, his work was never to lose the spontaneous and improvisatory qualities of expressionism, nor its physical relish of materials. It was always, *in short, to be* aesthetic in its character and preoccupations rather than political and polemical, putting form always before content rather than at its service.

Yet he had the temerity almost at once to begin *theorising* on his own account on the principles of collage and assemblage *and their* creative and imaginative potential. His concept of "Merz" — a term of *his own coining — is of real im*portance to any understanding of the development of painting and sculpture *in* the 20th century, for its principles are not confined to the narrow particularities of Dadaist controversy, but have the widest application.

"*Merzbilder*," he wrote in the magazina *Der Sturm* in July 1919, "are abstract works of art. The word Merz denotes essentially the combination, for *artistic purposes*, of all conceivable materials and, technically the principle of the equal valu*ation of individual materials...*. Moreover, it is unimportant whether or not the material used *was already formed* for seme purpose or other. A perambulator wheel, wire-netting, *string* and cotton wool are factors having equal rights with paint. The artist creates through the choice, distribution and metamorphosis of the materials." (The quotation is given at length in John Elderfield's admirable and definitive critical study of Schwitters, published in Britain by Thames *and Hudson* at £30, and *also in* the excellent short catalogue to the Tate exhibition.)

Such views so forcefully expressed had already proved too much for the purist Huelsenbeck, who at once secured Schwitters' expulsion from the Club Dada on the grounds of clearly decadent expressionism. But Schwitters was unrepentent and evidently happy to go his own way, careerist, aesthete, petit *bourgeois* dilettante or whatever. Particular friendships and associations continued in any *case*, as did his own involvement in a general way, for there he is in the group photograph, a man not altogether apart, at the Dada-Constructivist Congress in Weimar *in* 1922. He stayed on in *Hanover*, however, *and in* 1923 he founded his *Merz* magazine, which was to run for 32 issues over 9 years, and began his first *Merzbau*, the environmental sculpture that grew out of the studio to take over the house. Declared one of Hitler's degenerate 'artists in the notorious exhibition in 1937, he *left for Norway* leaving his wife behind in Hanover and never returned to Germany. When Norway was *invaded* in 1940 he came to England, migrating eventually to the Lake District *where he died in poverty and* obscurity in 1948.

The large exhibition now at the Tate (until January 5: then on to Hanover) is a version of one already seen at the Museum of Modern Art in New York. It offers us *only* tantalising hints of the sculpture and *Merzbau*, comparatively little of Schwitters' work as poet, publisher and typographer, and nothing at all of the late figurative painting; but it does give us a wonderfully dense and comprehensive view over the work on which his reputation as a great artist substantially rests, the work in collage and relief.

He was *extremely* prolific, for collage is a rapid and convenient medium, but what *emerges* from it all is a clear sense not so much of shift and development over the years but *rather* of innate consistency in sensibility and formal interest. There are superficial changes of *course*, but *even* where the greatest use is made of figurative elements, as is the case in so much of the later *work*, *and* the visual wit and gentle humour is most apparent, it is always the formal refinement and manipulative delicacy that are tha principle, definitive considerations. An immaculate judgment and discretion brings every scrap and fragment into perfect relation and physical harmony. One does not expect to find so many of these accretions of unconsidered trifles quite so exquisitely beautiful as they undoubtedly are.

Malcolm X/Philadelphia

Andrew Porter

The American Music Thater Festival, the idea of Marjorie Samoff, a co-founder in 1976 of the Paris Centre for Contem*porary* Opera, *is in its second* year. For five weeks in September and October, Philadelphia was the scene of shows, cabaret and eager discussions, both formal and informal. Five productions were mounted, and four theatres of different shapes and sizes brought into play. *Three of them I missed*: the much-acclaimed, well-travelled gospel-Greco, *The Gospel at Colonus* (which played last year at Brooklyn's Next Wave Festival); a Kipling musical, *Mowgli*; and an English-Yiddish musical about immigrants, *The Golden Land*, which arrives in New York in tha spring.

Seehear was s collaborative "performanca piece" from California, produced by George Coates, wondrously designed by Jerome Sirlin, with a colourful, repetitive, initially agreeable but ultimately banal minimalist score by Paul Dresher. With economy of means, a battery of small, powerful projectors and venetian-blind drops on to which images could be thrown or through which they could pass, 80 *minutes* of high illusion was achieved.

The musicians melted into the decor; the scenery itself seemed *to be making music*; abstract hatched or stippled designs turned into temples, cathedrals, palace *rooms*, *prisons*, cityscapes. Marvellous for a while —then one began to hanker for more rigorously intellectual less laid-back content, and thought about other things until some *scenic* marvel recaptured one's attention.

X is an opera by Anthony Davis, with a "story" by his brother, Christopher, and a libretto by his cousin, the poet *Thulani Davis*. *It has been* nursed to birth by the Philadelphia festival: act one and part of act two were put on as a work-in-progress last year; more work was done at a month-long workshop session in Brooklyn earlier this year. What is called the official premiere is due at the New York City Opera next season. The protagonist is Malcolm X. The three acts depict his childhood and criminal youth, ending with *him in* prison, reflecting on the forces that have shaped him; his conversion to the *Nation of Islam* (the Blake Muslims) and his rise as their minister; his secession from the Nation, pilgrimage to Mecca, second conversion — from racialism to a vision of a wider *Brotherhood* of Man, united under Islam — and assassination.

It is strong stuff and difficult *matter for opera*. The dreams and acts of a fiery popular leader, his political and personal development, his effect on public life call for treatment on the scale of Wagner's five-act, six-hour *Rienzi*. X is half that length. But it is not intended as an epic opera or a full-scale dramatic *biography*. *Rather*, it is a vivid dramatic poem, woven from strands in Malcolm X's life, dealing with his personality and with reasons for the influence it exerted. Twenty-three singers and eight figurants, with doublings not random, encompass a many-charactered cast.

Thulani Davis's libretto is strong and very well written—in language direct enough for the stage yet poetically charged, moving surely between narrative, reflection and rhetoric. Anthony *Davis's* music is gripping. Classically trained, at Yale, he became prominent in the New York *jazz loft* scene. (His work is on the India Navigation and Gramavision labels). The X orchestra comprised his 10-piece group Episteme (Knowledge) and 25 of the Concerto Soloists of Philadelphia.

The score is conveniently described as "third-stream music," which Gunther Schuller, who coined the term, defines in Grove as music that "synthesises the essential characteristics and techniques of contemporary Western art music and various types of ethnic music." Davis disciplines jazz musicians' fondness for extended self-expression. His score la constantly impressive for its metric, rhythmic and harmonic command of structures and pacing. The vocal lines are direct and eloquent. The choral writing is vivid.

Avery Brooks as Malcolm X

Rhoda Levine, who has been with X as creative consultant from the start, staged an intelligent, powerful production in *simple*, telling decor by John Conklin. Peter Aaronson was a sure conductor. Avery Brooks was impressive in the title role, which he had taken over at a few days notice when Michael Smartt (a Met Porgy) fell ill. An actor and pianist as well as an accomplished singer, Brooks was musically trenchant and sang lines with the inflexions that a keen speaker would give to them. The principal women — Priscilla Baskerville (a Met Bess), as Malcolm's Mother and Deborah Ford, a young singer of high promise, as his sister — had gorgeous voices but they turned into "opera singers" and tended *to* project as if into the Met rather than into the 1,000-seat Walnut Street Theatre when then arias came. On the other hand, Thomas Young, doubling as Street and Elijah Muhammad, Malcolm's wordly and *spiritual* mentors, made *every* word tell and never broke character. There were several other sharply etched performances.

More work will no doubt be done on X before it arrives at the City Opera. It has some loose ends that need tidying. But already it is a potent theatrical adventure, a genuinely new opera.

Youth Dance/The Place

Clement Crisp

There have long been national organisations and companies for young actors, young musicians, but until this year none for young dancers. In an age of huge popularity of dancing it was lamentable that there should be nothing to help those teenagers, not necessarily contemplating a professional career as performers, whose education or temperament made dancing an essential means of exploring and expanding their abilities and their identities. It is to the great credit of the organisers of the National Youth Dance Company (its director is John Chesworth, distinguished Rambert artist) and especially to the educational authorities in Leicestershire who have supported the idea, that the NYDC offered so engaging a personality to us at The Place on Sunday night.

The company started in September this year; its 22 members come from all over the country, but I think it significant that five should be from Leeds, where inspiring teaching and a total dedication to dance in such schools as Harehills, in a far from easy inner city area, have already produced young dancers of rare dedication and ability. (Three NYDC dancers in particular—Seline Thomas, Paul Liburd, Dwight Powell — seemed to me wholly exceptional in talent, and are all from Leeds.)

NYDC has attracted the help of professional dance creators and the *evening* brought *short* pieces by Anthony van Laast, Graham Lustig (a promising work from this new *Sadler's* Wells Royal Ballet creator), Emilyn Claid, and a revival by Lloyd Newson of David Gordon's jolly *Counter Revolution*, in which the cast had enormous fun. There was also a work by Peter *Purdy*, who *directs* a youth group in Swindon, and an emotionally potent and physically *brilliant solo* made and danced by Dwight Powell, dedicated to Nelson Mandela, skill and feeling *searingly combined*. Some of the music was provided by very able young musicians from the Leicestershire Schools symphony orchestra with two fine student singers from the Guildhall School.

The event was, I thought, heart stirring. Here were performances, still amateurs in the truest sense of the word, showing that in what are souldestroying times for many teenagers dance can give them an identity and a joy. Be it breakdance, body-popping, disco or contemporary, dance is authentically the voice of this generation.

It goes without saying that NYDC needs money. Immediately. I would urge coporations large and small, arts associations, private sponsors, to help an organisation more deserving than most in the dance world. The Arts Council, the Gulbenkian Foundation, the Laban Centre, Freeds, and others, have already provided support. Interested *donors* can contact NYDC's director, John Chesworth, at 104 Lower Ham Road, Kingston-upon-Thames, Surrey, KT2 5BD (tel: 01-546 7607).

RAM jazz course begins

The new jazz course at the Royal Academy of Music in *London* has *been* launched with a programme of seminars/workshops/masterclasses and big band rehearsals. *Organised* by jazz composer and educationalist Graham Collier, the first term's tutors will include Anthony Braxton, Michael Garrick, Alan Cohen, Howard Riley and John Stevens.

The aim of the first year *is* to expose students to various influences while covering as many areas and styles of the music as possible. The expectation is that this will improve and encourage the *jazz* talents of the students on the course and the general awareness of jazz throughout the Academy, while laying the seeds for future years when a more detailed programme is planned. Fuller details from Dvora Lewis (01) 435 9257.

Capricorn/Wigmore Hall

David Murray

On Sunday the Capricorn ensemble supplied the makings *of a piano* quintet for a mixed programme, one of the series marking the centenary of the publishers *Josef* Weinberger. Only one work for the full team was included—Franz Schmidt's Quintet in G of 1926, the first of the three that he wrote for the one-armed pianist Paul Wittgenstein—and that went most of the way toward salvaging a lacklustre concert. Otherwise we had tame pieces for solo piano, for solo viola, for piano trio and string quartet, mostly I assume from the Weinberger catalogue, which seems not to take interesting risks.

Like other late-middle Schmidt, the Quintet has winning tunes, limpid counterpoint, a generally sunny mien and all tha time in the world. Leisurely and lovely, it glowed under the hands of Julian Jacobson (both hands, unfortunately: the Wittgenstein family has never released the original version for left hand only, and the two-*hand* edition is needlessly thickened). The Capricorn strings were reticent partners, much *less warm and expansive*; the violins' intonation was not above reproach, and the 'cello supplied *too* weak a bass for tha piano. All the same, it was a welcome performance that deserves *nurturing* and repetition.

Jacobson could not disguise the fact that there is neither bone nor muscle *in* Wilfred Josephs' Piano Sonata No 2: nothing unmusical, but no forward impulse beneath the pleasant sonorities. Rautavaara's String Quartet No. 3 is a glumly rhapsodic, not-quite-tonal piece like a thousand others; there is more personality in Andre Tchaikowsky's Trio Notturno, but decidedly tentative craftsmanship. Susie Meszaros made more of Malcolm Williamson's Partita for Viola: not concise, exactly, but crammed and abbreviated at once, with original quirks.

Saleroom

An auction *record* price for a 20th century book of £144.738 was paid by the New York dealer *Fleming* at Christie's Geneva sale of art nouveau, art deco and bookbindings on Sunday. "Gazette du bon ton," published in Paris between 1912-25, with 575 illustrations of the fashions of the day, was expected to sell for about £30,000.

Fleming also paid £61.513 for "Haute Folie" by Vlaminck, with his own illustrations. "Les viperes," a unique wood mounted overlay engraved and applied glass vase by Daum, made £122,677 in the general sale.

A. T.

Arditti Quartet/Almeida

Andrew Clements

The Arditti's first concert series under its own banner is *running* early evening on Sundays throughout November at the Almeida Theatre. The programmes are typically tough — in last week's the most familiar work was Ferneyhough's Second Quartet — and all the pieces played this last Sunday were receiving their first performance in London.

One was written specifically for the series. Roger Reynold's *Coconino* . . . *a shattered landscape* is designed as a tribute to the landscape of Northern Arizona, reflecting, says the programme note, "the catalytic influence . . . of the editorial work of time, wind and water." It ia terse, tightly buttoned music, without the spectacular effects the subject matter might suggest, or indeed the vivid images of other Reynolds works.

The overall impression, *perversely*, *is grey* and *slightly* combative.

Gavin Bryar's String Quartet No 1 is subtitled "Between the National and the Bristol" and first performed at this year's Vienna Festival. It carries the *familiar*, *quirky* Bryars *iconography*, relating to Ysaye and Busoni, and hotels in Birmingham and Vienna. The 20-minute work, though, is often captivating: it calls for the new electronic Raad *instruments* that simulate closely the sound of conventional strings, but allow the possibility of far greater dynamic ranga and othar acoustic effects.

Where Bryers makes simple poetic use of diatonic tags woven into a beautifully crafted discourse, Sven-David Sandström's *Behind* (1981) is violently complex, with a fragmented texture that yields first an aggressive toccata and finally a glacial remote coda. It is more shapely than previous works I've heard from him, though not especially striking in its language or range of gesture.

There would have been more than enough meat in those three pieces for one evening, but the Arditti, ever diligent, went on in present Juerg Wyttenbsch's *Execution ajournee* (1970). It is a creaking apology for a piece of music theatre about the tensions of quartet playing; the jokes are without exception feeble, the musical content very modest. Nevertheless it raised plenty of laughs: *why are* concert audiences ever willing to split their sides at jokes which in another context—*the* theatre, television—would leave them stoney-faced?

Arts Guide

Music/Monday. Opera and Ballet/Tuesday. Theatre/Wednesday. Exhibitions/Thursday. A selective guide to all the Arts appears each Friday.

Nov 8–14

Opera and Ballet

LONDON

English National Opera, Coliseum: Orpheus in the Underworld, in ENO's not entirely successful modernised version with sets by Gerald Scarfe, has another round of performances, with a largely new cast led by Terry Jenkins and Lillian Watson. The new production of Gounod's Faust is a success – fresh, theatrically effective, and vividly imagined; Jacques Delacote is the excellent conductor. (8363161).

New Sadler's Wells Opera, Sadler's Wells Theatre: the fare for this week is an attractive mixture of opera (the quirkily poetic Traviata production borrowed from Opera North) and operetta (the new Merry Widow, a successful mainstream production, and the HMS Pinafore revival).

PARIS

Dansomanie/Napoli. Dansomanie, a two-act pantomime in Ivo Cramer's choreography, danced by Monique Loudières, Rudolf Nureyev, Patrice Bart, is followed by Napoli, danced by Florence Clerc, Charles Jude, Isabelle Guerin at the Opéra Comique (2960611).

Black and Blue: An American black revue in the Twenties tradition to the tunes of Louis Armstrong, Duke Ellington, Fats Waller. TMP-Châtelet (2330000).

Dance Theater of Harlem in the framework of the Paris International Dance Festival at the Théâtre des Champs Elysées (7234777).

WEST GERMANY

Berlin, Deutsche Oper: To commemorate Berg's 100 anniversary, Wozzeck is offered with Karan Armstrong, Kaja Borris and Lenus Carlson; Lucia di Lammermoor with a new cast; Die Lustigen Weiber von Windsor. (34381).

Hamburg, Staatsoper: La Traviata has June Anderson and Giorgio Zancanaro. My Fair Lady has Gabriele Ramm as Eliza Doolittle and Boy Govert playing Henry Higgins. (351151).

Frankfurt, Oper: Smetana's Die Verkaufte Braut (Bartered Bride) produced by Christof Nel. The cast includes Eliane Coelho and Adalbert Waller. The Magic Flute has Cheryl Lichter excelling as Queen of the Night. Hoffmann's Erzählungen brings together Elizabeth Parcels and Pari Sumar (25621).

Cologne, Opera: This year's highly acclaimed Salzburg production of Monteverdi's Die Heimkehr des Odysseus, newly arranged by Hans Werner Henze, will have its German premiere this month. It is again produced by Michael Hampe. In the main parts are Claudio Nicolai, Ulrich Hielscher, Marianne Hirsti, Allan Bergius, Uanna Schwarz and Harald Stamm. Smetana's Die Verkaufte Braut rounds off the week. (20761).

Munich, Bayerische Staatsoper: Lohengrin is perfectly cast with Ingrid Bjoner and Spas Wenkoff. This week's highlight is Otello starring Mirella Freni, Wladimir Atlantow and Piero Cappuccilli. Also Don Carlos featuring Mirella Freni and Nicolai Ghiaurov. Le Nozze di Figaro with Ann Murray, Pamela Coburn and Wolfgang Brendel. (21651).

ITALY

Rome: Teatro dell'Opera: The season opens with Luigi Cherubini's Demaphoon, conducted by Gianluigi Gelmetti. The production is by Luca Ronconi, Monserrat Cabellè, Giuseppe Taddei and Veriano Luchetti. (461755).

Florence: Teatro Comunale: Un Ballo in Maschera conducted by Gianandrea Gavazzeni and produced by Sandro Sequi. Luciano Pavarotti, Piero Cappuccilli, Maria Chiara; La Fille du Regiment (sung in the original French) in Filippo Crivelli's production. Gianandrea Gavazzeni conducts Rosa Laghezza, Alessandro Corbelli, Alfredo Kraus. (2779238).

Milan: Teatro Lirico: A Homage to John Cranko: The Taming of the Shrew to Scarlatti, choreography by John Cranko, with Luciana Savignano, Oriella Dorella, Jean Charles Gil and Marco Pierin. (8684 18).

Venice: Teatro Malibran: Janacek's Da Una Casa di Morti (From the House of the Dead) conducted by Jan Latham Konig: Massimo Castri's production. (25191).

NETHERLANDS

Amsterdam, Carre Theatre. The Compagnia d'Opera Italiana with La Bohème. The Postás Symphony Orchestra of Budapest and the Bucharest Musica Choir (Mon). (225225).

Balanchine programme from the National Ballet: Concerto Barocco, Monumentum pro Gesualdo, Movements for piano and orchestra, Tchaikovsky pas-de-deux, and Symphony in C. Tue in Den Bosch, Casino (125125), Thur in Utrecht, Stadsschouwburg (310241).

Rotterdam, Lantaren Theatre. Dance Umbrella with their modern ballet Second Stride (Wed, Thur). (364998).

VIENNA

Staatsoper: La Traviata, conducted by Zedda with Ghazarian, Osond, Winsauer; Elektra conducted by Kout with Ludwig, Jones, Pohl, Lotte Rysanek; Sylvia by Delibes and Seregi conducted by Richter with Gaugusch, Scheuermann; Tosca conducted by Guadagno with Jones, Aragall, Wixell; Die Entführung aus dem Serail. (5324/2655).

Volksoper: Millöcker's Der Bettelstudent; Der Zigeunerbaron; Heuberger's Der Opernball; Lehar's Das Land des Lechelns; Zemlinsky's Kleider Machen Leute. (5324/2657).

NEW YORK

Metropolitan Opera (Opera House): The week features Cavalleria Rusticana and Pagliacci with Hildegard Behrens and Sherrill Milnes, Porgy & Bess, conducted by James Levine; Roberta Alexander as well as Neeme Jarvi conducting August Everding's production of Khovanshchina, with Natalia Rom as Emma, Florence Quivar as Maria and Wieslaw Ochman as Prince Golitsyn. Lincoln Center (3626000).

New York City Opera (NY State): Last season's production of Philip Glass's Akhnaten is back in a week that also includes Frank Corsaro's production of Kismet with George Hearn as well as Casanova, Madama Butterfly and La Rondine in Lotfi Mansouri's winning production conducted by Alessandro Siciliani. Lincoln Center (8705580).

WASHINGTON

Washington Opera (Opera House): Un Ballo in Maschera conducted by Cal Stewart Kellogg and directed by Francis Rizzo joins the repertory of Jean-Pierre Ponnelle's new Don Giovanni, conducted by Daniel Barenboim with Renato Bruson, and Gian Carlo Menotti's production of Eugene Onegin, conducted by Maxim Shostakovitch with Cynthia Munzer and Jerry Hadley. Kennedy Center (2334757).

CHICAGO

New York City Opera (Orchestra Hall): The travelling company performs Faust in its national tour (Wed). (4358111).

Lyric Opera (Civic Opera House): The 31st season begins with Otello starring Margaret Price, William Johns and Sherrill Milnes, conducted by Bruno Bartoletti and staged by Antonello Madau Diaz. The season also has in repertory Madame Butterfly with Anna Tomowa-Sintow in the title role, conducted by Miguel Gomez Martinez, as well as Samson, Anna Bolena, La Traviata, I Capuleti de I Montecchi, Die Meistersinger and La Rondine (3322244)

TOKYO

Manon Lescaut: In the original language by Fujiwara Opera Company. Tokyo Bunka Kaikan. (3715384; 3697020).

Aldeburgh/Antony Thorncroft

Applause for Sizewell

Last weekend Aldeburgh announced an annual operating profit of £4,763, a remarkable achievement for an arts organisation based in a remote coastal spot in eastern England and specialising in adventurous 20th century music in homage to its founders, Benjamin Britten and Peter Pears.

Inevitably the profit is something of a mirage, tangible enough in itself but the consequence of the fortuitous holding of the Sizewell B power station inquiry in its Snape concert hall: Aldeburgh gained more than £100,000 in 1984-85 in rental income from the long running argument, a source of revenue which has now ceased. For the current year it is facing a deficit of about £60,000.

Aldeburgh was aware that its Sizewell windfall was of brief duration, and used the respite to develop new sources of revenue, from commercial sponsorship, initiatives subsidy and through a film appeal designed to safeguard the Britten-Pears School. The appeal has already raised £670,000. The initiatives include a Friends of Aldeburgh, which will contribute £7,000 in their first year, and a couple of charity shops, adding £15,000. Sponsorship has grown to £60,000 this year.

The only sector where Aldeburgh feels hard done by is subsidy. It receives only 14 per cent of its income from this source, of which 5 per cent is from the Arts Council. Since Aldeburgh should be a principal beneficiary of the council's policy to switch cash to the *regions* and, in particular, to arts-starved East Anglia, Aldeburgh has a point. Part of its problem is that it falls between the stools of *either* festival or arts centre—festivals are out of favour, arts centres are better liked. It considered its activities outside its summer festival justify treatment as an *arts* centre.

The matter is crucial because Suffolk County Council has promised more aid if the Arts Council will raise its subsidy. So Aldeburgh joins the list of supplicants at a time when the Arts Council fears the worst over the size of its 1986-87 grant from the Government. Two things in Aldeburgh's favour with the Arts Council are its concentration on contemporary music, and its good housekeeping. Last year its events generated £138,645 at the box office against costs of £168,788, a gap bridged nicely by sponsorship of £55,000.

TECHNOLOGY

EDITED BY ALAN CANE

Geoffrey Charlish reports on a joint attempt by Boeing and GM to achieve a fully automated factory

Map to link 'islands of automation'

THE DAY when computers from different suppliers can be plugged in and turned on is fast approaching in manufacturing industry.

That is the message from Mr Robert Eaton, vice president in charge of advanced engineering at General Motors. GM will have 200,000 computer-based systems and devices in its plants by 1990 and the compatibility problem is close to its heart.

Boeing has a large scale problem of a different nature: in the 767 airliner, for example, it has to keep engineering tabs on no less than 3.5m parts. It does it with computers, but has had similar problems to GM in making the machines talk to each other.

Littlo wonder then, that the biggest vehicle maker has joined with the biggest aircraft manufacturer in an attempt to bring order to chaos in both shop floor and design office.

With the growing use of programmable machine controllers, robots, computerised machine tools, artificial vision systems and computer aided design, both companies have seen "islands of automation" developing in their plants that were unable to exchange information. The prospects for a totally automated plant began to recede.

GM, Boeing and many other large companies believe such unified automation is essential to US and European industry to uphold productivity and quality in the face of Far Eastern manufacturers.

So both companies decided to develop communications rules to which their many suppliers would work, enabling the computerised systems in a plant to understand each other and work together under unified control.

GM has been more concerned with shop floor systems for volume production while Boeing has been preoccupied with its design and engineering offices. Recently, the car company stated it would not accept products from its automation suppliers that did not meet GM data communication specifications. All the suppliers are now committed. Boeing is taking a similar line.

GM's specification is called Map (manufacturing automation protocol). Since its public appearance less than two years ago, Map has been accepted by hundreds of potential users and suppliers. There ore user groups in the US (more than 500 members), the UK, Europe, Canada and Australia. Japan is about to start one.

Boeing's development is called Top (technical and office protocol) and because the company manufactures mainly in the US, Top's impact elsewhere has been limited. A US user group is about to be formed, but in Europe, there will still be many people who have not even heard of Top.

Last week the two giants made their position clear with a joint appearance at the Autofact show in Detroit—on a quarter acre stand housing a small factory making plastic games. The factory uses linked Map and Top products from more than 20 suppliers.

The significant point is that almost every company of note in this area has very rapidly developed products and built them into the demonstration.

An important participant is Digital Equipment Corporation. DEC is one of the largest suppliers of mini and micro computers to manufacturing industry and its actions can obviously affect the take up rate of Map and Top.

On its Autofact stand DEC showed Map abilities with a network that links up 25 companies on other stands. The interactive system provides information transfer between the different vendors' systems.

DEC was one of the first companies to make a commitment to Open Systems Interconnect, the international standard on which Map is based, by stating it would modify its proprietary digital network architecture to comply.

For the GM/Boeing "factory," DEC has installed o newly developed engineering data control system. This allows designers and supervisors to store and control the access to data, drawings and documents so that design projects can be tracked and access to files monitored and controlled.

The factory's dual production line made only a plastic puzzle from red, white and blue parts, but it proved all the necessary points. From 16 different makes of entry terminal dotted round the stand, visitors were able to choose the colours of the 11 parts and then watch them being drilled, assembled and checked.

In addition, GM and Boeing have co-operated closely to produce software that allows Top to talk to Map. Top shares o core of common protocols with the latest Map version (2.1), allowing the two to be linked together in a single logical network.

From the start, both protocols were developed to comply with the emerging data communications standards from the International Standards Organisation.

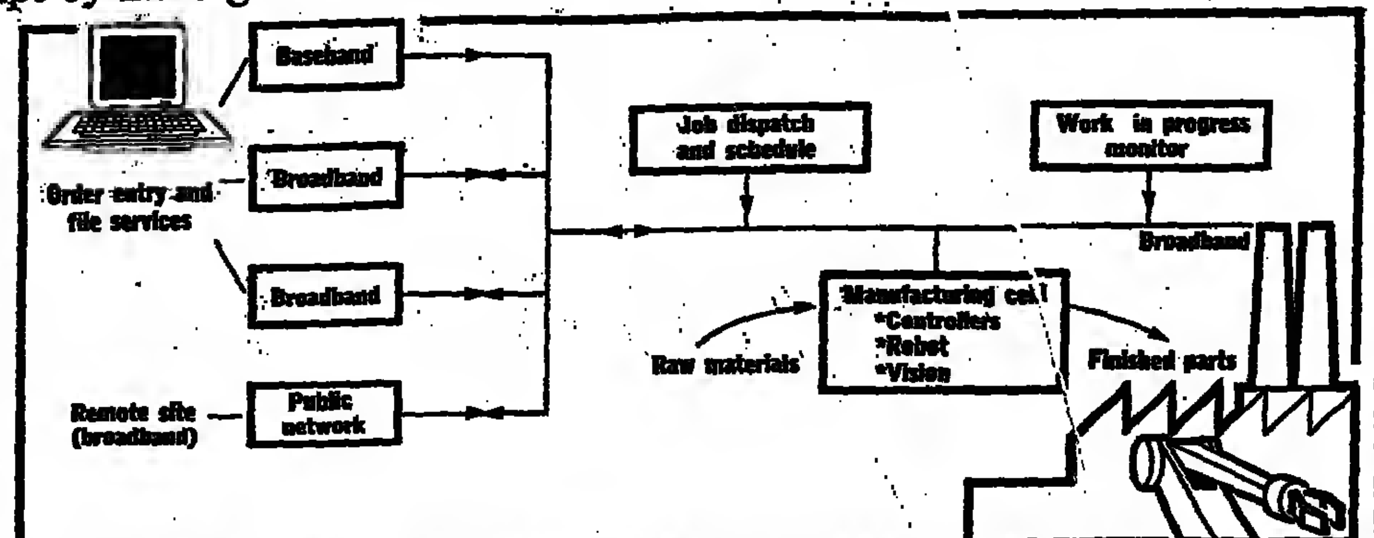
Map is a broadband system, which means it sends data at a high rate, making it suitable for factory environments where the production equipment must respond quickly to an instruction from a controlling computer. Top on the other hand, is more concerned with sending engineering office data and graphics, where immediate response is not so critical.

Mr John Eichler, GM's director of advanced manufacturing engineering, is at pains to emphasise that the corporation seeks no direct commercial gain from Map. The idea is mainly to bring as many companies into the fold as possible.

GM's data services subsidiary, Electronic Data Services, will act on a consultancy basis but will sell no hardware or software. EDS is preoccupied with network specialists Ungermann Bass and Industrial Networking with Map installations in three GM plants in the US and Canada. These are expected to be running by April.

Map and Top may converge. Already there is a single steering committee for the two. The next Map and Top user group meetings will take place at the same place—in Toronto on January 16 1986.

With chip-based Map products emerging from Intel and Motorola and with even GM'e arch competitor, Ford, lending support, Map/Top hardly seems likely to fail.



Unified factory/office automation is possible with Map/Top: many makes of terminal, computer and production device can be connected together

Styrofoam base for bypass

STYROFOAM, the lightweight extruded polystyrene foam Dow Chemical invented more than 40 years ago, has been used as the foundation for part of the new Great Yarmouth bypass.

The bypass runs over an old railway embankment where marshy ground and substantial settlement of the soil meant a serious threat of subsidence.

The answer was to avoid overloading the site by substituting lightweight Styrofoam boards for the more usual granular fill or pulverised fuel ash—both of which are 50 times heavier than the extruded polystyrene.

Styrofoam has often been used in the US, Norway and Sweden, in road construction, but this is thought to be its first application in the UK. The consulting engineers were C. H. Dobbie & Partners; contractors, May Gurney.

VHS challenged by 8mm format for supremacy

Video & Film

BY JOHN CHITTOCK

AFTER THE format battle of the video cassette recorders—in which Philips, Sony and JVC slugged it out with their competitive systems of V2000, Beta and VHS—a new battle is now under way. The format struggle was won by JVC, although Sony (unlike Philips) has steadfastly refused to adopt the VHS standard and still produces Beta machines.

At the centre of the new battle are camera cassette recorders which make video movie production with synchronised sound even easier than taking holiday snaps. Although theoretically three formats are again involved—with Sony supporting two (Beta and 8mm) and JVC sticking to VHS—the real contest is between the new 8mm format and VHS.

The problems posed by this rivalry have been well-documented in this column before—eg. a ccr using a tape format that can be played back on most existing vcrs seems an inevitable winner; who in their senses would invest in 8mm if the cassettes do not fit any of the world's vcr's—of which there are now about 100m? The Sony answer is that you use the ccr itself, plugged into a TV set (or special tuner unit) which does not however solve the problem if the tape is distributed to anyone without an 8mm to hand.

'I am left with the impression that VHS is capable of all round better performance than 8mm'

This is a large difficulty for 8mm and I still cannot see the de facto standard of VHS losing its world-wide supremacy any more than the compact audio-cassette might give way to a completely different audio-tape standard carrying, perhaps, eight tracks in a cartridge...?) But sweeping aside such minor problems, how do these cameras actually perform? Is 8mm os good as VHS, and faced with a bewildering range of choices, what should the confused customer actually do?

For the past two weeks I have been attempting to come to some conclusion—albeit subjective by trying out the cameras, rather than objectiva by testing them in a laboratory. I chose three to compare. Sony's auto-focus 8mm (there is also o more compact model called Handycam); and two versions of VHS—one from Panasonic which uses a standard VHS cassette, and an auto-focus model from JVC which accepts a very much smaller cassette that is nonetheless replayable in any VHS machine by dropping it into an adaptor.

The performance of tho Sony auto-focus ccr is remarkable, and if the company's lines of communication with this column had been better, such praise would have been forthcoming much earlier in the debate. It is also a beautifully engineered machine and a pleasure to feel; everything about it—even the lettering on the controls—has a quality of finish that is a delight. Picture quality (played back from the unit straight into the aerial socket of a domestic TV receiver) is extremely good in most respects—sharp, excellent colour rendering and a surprising tolerance of contrasty subjects.

The Panasonic ccr was marginally less impressive in terms of overall picture quality but yielded acceptable pictures under poorer lighting than Sony's 8mm unit.

JVC's auto-focus ccr is disappointing after my previous experience with its manually focused version, which was the first to be produced. In case my memory deceived me, I replayed some earlier tapes shot on the previous model—and they seem much cleaner, sharper and of better colour fidelity.

However, such comparisons are dangerous because so many variables affect the end result—even when taping the same subject (as, indeed, I did for this test). I am left with the impression (which the engineers generally support) that VHS as a format is capable of all-round better performance than 8mm but that Sony have done a superb job with all of the other factors which contribute to the end results on the screen.

For example, the automatic exposure (iris) control on the Sony is less prone to over-react to changes in the scene brightness; I suspect its lens is better; and the charge coupled device which replaces the conventional pick-up tube used by JVC and Panasonic may be yielding an improvement in performance (except in low light levels).

Sony's colour temperature adjustment—which has an overriding influence on colour fidelity—also behaves more accurately and its auto-focus system is more responsive than JVC's.

Nonetheless, each of the three cameras has operational disadvantages of one kind or another and some have superior features—such as JVC's better balance for hand-held shots and Panasonic's better lay-out of operational controls.

The experience, however, of fiddling with cables and connectors to play back the 8mm cassette (and these crucial components were missing when the unit first arrived) left mo convinced that 8mm as a format is still going to fece an uphill task if it is to become a universal format. Early sales successes of 8mm must owe more to Sony's superb design and quality rather than any merit in the format itself.

'All have a lot to learn about ergonomics . . . perhaps acknowledging that Europeans have larger hands'

This may simply mean that JVC (and others supporting the VHS format) need to try harder. At present, the Sony ccr will appeal to the video movie aficionados — for whom replay convenience is less important than operational features and versatility (Sony offers a wide range of extras, as for example an editing unit). But for those wanting the ccr as an easy-to-use family camera —or as a working tool—the availability of VHS machines in the home, schools and industry still leaves this format as the automatic choice for the majority.

The survival and success of 8mm video may depend less on what the format offers and more on the failure of VHS competitors to match Sony's superior design. But all have a lot to learn about ergonomics—for a start by looking at the lay-out of professional film cameras—and perhaps by acknowledging that Europeans have bigger hands that Japanese.

SOMETHING RATHER SWISS IS HAPPENING IN LONDON TOMORROW.

Although we won't actually be tampering with this famous landmark, the 13th of November will be a landmark as far as we're concerned.

For on this day Swiss Volksbank will be officially opening its London Branch slap-bang in the middle of the city.

With 148 branches already in Switzerland, over 100 years of heritage and a not-to-be-sneezed at 24.8 billion Swiss Francs on the balance sheet, we've earned our position as one of the 'Big Five' Swiss Banks and it's easy to see that we'll be a force to be reckoned with.

Our capital market services are already renowned, but it's our role as a commercial banker that should stir up some interest.

The new London branch offers our corporate customers a comprehensive banking service with the emphasis on international trade.

In addition to formal banking facilities, the London branch will assist clients in establishing contacts between British and Swiss companies and supply commercial and investment information about Switzerland.

You'll also find us helpful in the area of short and medium term loans, including export and trade finance.

But, perhaps more importantly, that you'll find we can bring you the kind of professional, reliable and personal service that has made Swiss banking famous throughout the world.

So, if you hear a strange noise when you're walking through the city, remember, it's not the first cuckoo of spring. It's our new London Branch opening for business.

SWISS VOLKSBANK

LONDON BRANCH – LICENSED DEPOSIT TAKER
48/54 Moorgate, London EC2R 6EL. Telephone: 01-628 7777.

Buy-out planned for Vickers and Cammell Laird

BY ANDREW FISHER, SHIPPING CORRESPONDENT

A JOINT management and employee buy-out attempt for the Vickers and Cammell Laird warship yards in north-east England was launched yesterday. If successful it will be one of the largest in UK industry.

The scheme, drawn up with the aid of Lloyds Merchant Bank, could leave employees with nearly 25 per cent of the shares after privatisation early next year of the yards, which are state-owned.

No price was mentioned. A figure of about £70m is generally expected in the industry, depending on how the cost is treated of a £230m covered facility for submarine construction, which is being built at Vickers in Barrow-in-Furness, Cumbria.

Dr Rodney Leach, chief executive of the profitable Vickers yard, has favoured a buy-out since he took over in June. Vickers, of which loss-making Cammell Laird is now a subsidiary within British Shipbuilders, is the largest warship yard being sold under the Government's privatisation programme.

All 14,000 employees of Vickers Shipbuilding and Engineering Ltd (VSEL) and Cammell Laird – 12,300 of them at Vickers – will be invited to join the buy-out. Dr Leach told the workforce: "We firmly intend that employees, as a whole, should have the largest shareholding in the group."

The buy-out consortium, including financial institutions, will be in competition with other bidders. Both Trafalgar House, the construction and property group, and General Electric (GEC) have expressed interest. Prospective purchasers have to confirm their interest by December 6.

Bids will probably be required by the end of next February. If the Vickers/Cammell Laird bid succeeds, Lloyds and the Hoare Govett stockbroking firm will sponsor a share offering to pay for the acquisition.

A stock exchange listing would then be sought, but not until after the next general election, on which could depend the fate of the Trident nuclear missile programme for which Vickers is to build four submarines costing about £2bn.

The opposition Labour Party has said it would cancel Trident but provide Vickers with equivalent orders. With its heavy submarine order book, the Vickers yard has been consistently profitable. Cammell Laird on Merseyside has recovered from a period of labour disruption.

In the financial year to March 31 1985, Vickers made e £17.7m trading profit, down from £21.2m.

New Court chairman quits over strategy

BY TERRY POVEY

MR DAVID HAYLLAR has resigned as chairman of New Court Natural Resources after a dispute over company strategy with other board members. The differences led to delays in completion of the annual report and culminated in tough questioning by shareholders at last week's annual meeting.

New Court, which is listed in London, is involved in exploration and production of oil and gas in the US. In the year to March 31 the company reported pre-tax profits of £1.6m, against £1.76m previously, on a turnover of £4.6m (£4.2m).

The company is heavily committed to the development of the Avant field in Oklahoma using the water-flooding technique. Capital spending on the project has been and will continue to be considerable given the company's size, and for some months the board has been debating financing proposals.

Mr Hayllar said recently that he would prefer to sell off a major part of the Avant development and then to buy shares in other producing fields in order to balance the company's cash flow better over the next few years.

Given the depressed state of the shares in US oil minors, raising money for such a diversification on the market did not seem possible he said. Merger was yet another possibility.

One implication of this proposal on Avant was to question the role played by Mr Grant Manheim, deputy chairman and until recently head of the company's main operating subsidiary, Murray Hill Oil & Gas. Mr Manheim, a non-executive director of N. M. Rothschild, is strongly committed to the Avant project.

In the contract of employment with Mr Manheim there are special provisions concerning his New York residence, the effect of which is to transfer to him the company's interest in a luxury Carlyle Hotel apartment (which cost $461,000 but is now believed to be worth more) in the event of termination of contract.

New Court's lawyers have disputed the validity of this agreement with Mr Manheim; the auditors also asked for the debate on company strategy to be concluded before signing off the accounts in order that any liability that might arise could be noted.

Mr Hayllar accepts that the issue was fudged in the report with the chairman's report saying: "Our financial position gives us the ability to finance new investments and opportunities are constantly under review."

At 29p New Court's shares are fairly close to their all-time low. The six-member board was further depleted by the departure last month of Mr John Silcock, also a non-executive director of N. M. Rothschild, who resigned

At the annual meeting it was announced that two board members had been appointed – Mr David Hooker and Mr George Gardiner. However, the major shareholders remain restive and MIM, with some 2.5 per cent, has asked to meet the board for discussions.

Other leading shareholders are believed to support the MIM initiative. They are Hampton Gold Mining Areas (15.2 per cent), Lloyds Bank Retirement Benefits Scheme (9.4 per cent), Royal Insurance (5.8 per cent) and Kuwait Investment Office (6.3 per cent).

Interest rate reduction 'priority' for industry

By Philip Stephens, Economics Correspondent

INDUSTRIALISTS yesterday renewed their demand that the Government allow an early and sizable cut in interest rates to sustain the economic recovery.

In a letter to Mr Nigel Lawson, Chancellor of the Exchequer, ahead of today's autumn statement on the economy, the Association of British Chambers of Commerce said that high interest rates were at the top of the list of factors hindering business expansion.

Mr Tommy Macpherson, chairman of the association's economic and industrial committee, said in the letter that the final results of its third-quarter business survey confirmed a significant decline in export orders and deliveries.

High real, or inflation-adjusted, interest rates were making it difficult for companies of all sizes

"We give overall priority to the need for an interest rate and exchange rate strategy designed to enhance UK competitiveness. It is quite clear that interest rates are imposing an excessive burden on industry and commerce, and the average rate must fall substantially."

The association also emphasised its opposition to any move by the Treasury to raise revenues from the nationalised industries by pushing up charges for gas, electricity and water by more than the rate of inflation.

Sharp confirms UK expansion into electronic typewriters

BY ROBIN REEVES, WELSH CORRESPONDENT

SHARP CORPORATION, the Japanese consumer electronics group, yesterday confirmed that it is to diversify into the manufacture of electronic typewriters at its new Wrexham plant, North Wales.

Pilot manufacture is to begin before the end of the year with a view to creating an expanding production facility for both the UK domestic and continental European typewriter markets early oext year.

The company said that additional jobs would be created, but the exact number would depend on demand and marketing, and the amount of investment undertaken.

The decision to manufacture electronic typewriters represents a second large diversification by Sharp at the £12m Wrexham plant, which opened only last March to manufacture video cassette recorders. Since then, Sharp has also decided to produce microwave ovens on the same site. Output targets for both products have been set initially at 20,000 units a month.

The new project keeps Sharp on target to meet its original promise to create 600 jobs in Wrexham in four years. The plant at present employs 250.

Another Japanese company has already begun manufacture of electronic typewriters in Wrexham. Brother Industries unveiled plans last March for a £4m project to produce 240,000 typewriters a year in the town.

It is moving into new custom-built premises this month, but it has been manufacturing a new product range for several months in temporary premises provided by the Welsh Development Agency.

First ombudsman for banking appointed

BY DAVID LASCELLES

MR IAN Edwards-Jones, a 62-year-old Queen's Counsel (senior barrister) has been appointed Britain's first banking ombudsman.

He was selected by an independent council headed by Dame Mary Donaldson, a former Lord Mayor of London, and will start work in the new year.

The office of the ombudsman, which is closely modelled on that of the insurance ombudsman, is being set up and financed by 18 UK banks to deal with customers' complaints that cannot be resolved by the banks themselves. The ombudsman will have the power to make awards up to £50,000, which will be binding on the bank concerned. Any customer rejecting his awards will still have recourse to the courts.

His service, which will be given free, will cover all personal banking services other than the commercial decisions relating to lending. Only complaints arising after January 1 1986 will be accepted.

Mr Edwards-Jones' appointment is for two years. He will have a staff of five and an office in central London.

UK NEWS

Best scientific talent 'lost in brain drain'

BY DAVID FISHLOCK, SCIENCE EDITOR

THE DRAIN overseas, especially to the US, of Britain's best scientific brains is becoming a serious worry to research laboratories, Sir Keith Joseph, Secretary for Education and Science, has been warned by his scientific advisers.

In a report on the brain drain, Sir David Phillips, chairman of the Advisory Board for the Research Councils and, in effect, Sir Keith's chief scientific adviser, has surveyed the experiences of more than 40 research groups, mostly in universities. His report finds clear evidence of a serious loss of talent, especially among chemists and biochemists.

Reasons given include frustration with the problems of getting research grants in Britain, aggressive recruiting by US universities and industry, and the greater receptiveness of US industry to novel and untried ideas.

British companies, it says, in general do not know how to recruit, use or reward PhD talent. For the more senior scientists, where Britain can offer world-class research facilities – as with its nuclear structure facility at Daresbury, or its Laboratory of Molecular Biology at Cambridge – there is no difficulty in attracting people back from the US.

Elsewhere, however, the chances of getting senior people to return to Britain "are generally thought to be slim because of the sheer scale of research funding and the very high salaries they enjoy there both in universities and industry," the report says.

Most of the responses received during the inquiry express concern about the effect on academic research in Britain of losses at all levels within Britain to industry and to careers outside research.

Sir Keith: Told about serious loss of talent

Commons disciplines MP over allegation

By Ivor Owen

MR BRIAN SEDGEMORE, a Labour MP, was suspended from the House of Commons yesterday for five days after repeating the charge he made on Friday that Mr Nigel Lawson, the Chancellor of the Exchequer, was "perverting the course of justice" over the Johnson Matthey Bankers (JMB) affair.

The MP refused to comply with the ruling of Mr Bernard Weatherill, the Speaker (chairman of the Commons), that the charge must be withdrawn.

Mr Sedgemore told the Speaker: "The public outside expect the truth and, with even greater regret, I repeat the allegation." The Speaker then formally "named" Mr Sedgemore and the motion to suspend him was carried by 204 votes to 45, a majority of 159.

On Saturday, the Chancellor had written a strong letter of protest to Mr Sedgemore demanding an immediate parliamentary withdrawal. He stated: "What you have falsely accused me of is probably the most serious form of dishonourable conduct imaginable."

The Speaker made it clear that, under the rules of the House, such words casting "a serious reflection on the conduct of the Chancellor" were only permissible if the House was debating a substantive motion "dealing directly with the conduct complained of."

Farmers study idea of fertiliser quotas to curb production

BY ANDREW GOWERS

BRITAIN'S National Farmers' Union (NFU) is actively exploring the idea of setting quotas on the use of fertilisers on farms in an attempt to curb the growing intensity of agricultural production.

Sir Richard Butler, the NFU president, said yesterday that unless ways were found of controlling agricultural productivity about 700,000 hectares of UK farmland would have to be taken out of production within the next five years to keep the country's food surpluses in check.

This figure, projected from productivity growth rates over the past 20 years, would be almost five times greater than the normal loss of agricultural land to forestry and urban development within a five-year period.

Sir Richard's remarks, in an interview, underline a significant shift in policy within the NFU over the past few months, particularly with regard to support for cereal farmers. This is likely to put the Union at loggerheads again with the Government and to alarm the country's large agricultural supply industry, and especially manufacturers and suppliers of fertilisers.

Up to now, the NFU has publicly advocated farm price restraint as the chief mechanism for controlling the costs of the Common Agricultural Policy, coupled with curbs on imports of cereal substitutes and the development of alternative crops and new uses for cereals.

In this it was partly in accord with Mr Michael Jopling, the Agriculture Minister, who had argued consistently that tough action on prices was the only sensible way of controlling production and EEC farm costs.

Sir Richard, who is also president of the European farmers' organisation COPA, said yesterday that he had become convinced that such a policy would not succeed either in bringing production under control or in finding new outlets for cereals quickly enough to solve the surplus problem.

Next week, the NFU's governing council will be considering a number of proposals for quantitative controls on farm output, including a possible quota on nitrogen-use by farmers and a quota on wheat production.

The reversal in policy reflects a groundswell of opposition to price restraint among farmers, particularly those on poorer-quality land in the west and centre of Britain, many of whom might be driven out of business by a very rigorous price policy. It is not likely to have an immediate impact on Government thinking, but could well become another obstacle to Mr Jopling's aim of securing real price cuts in the EEC.

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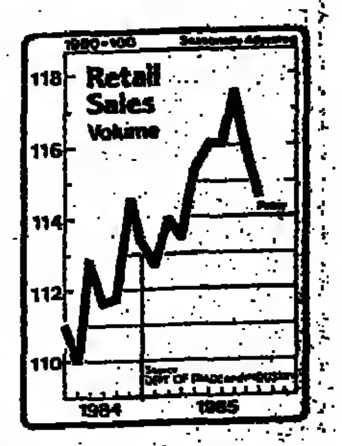

Industry's input prices fall further

By Philip Stephens

GOVERNMENT HOPES of a steep fall in the inflation rate next year were boosted yesterday with official figures showing that prices paid by manufacturing industry for raw materials and fuel fell in October for the fourth successive month.

The Department of Trade and Industry said that its index of input prices dropped by 1.0 per cent last month, to stand 4.8 per cent lower than a year earlier. It was the largest annual fall in costs since the statistical series began in 1974.

The figures reinforced evidence from the Confederation of British Industry, the UK employers' body, in its latest industrial trends survey in which manufacturing companies reported that the outlook for their costs was the best for 18 years.

Officials said that the reduction reflected a further rise in sterling's value against the dollar, which cut the price of imported raw materials, and the continuing weakness of world commodity prices.

A fall in the level of non-food commodity prices and lower contract prices for oil products during October were only partly offset by higher costs for food materials. Lower input costs were also reflected in a smaller annual rise in factory gate prices charged by British companies last month.

● Retail sales fell 1.2 per cent in October, the second consecutive monthly decline after a 1.4 per cent fall in September.

Economists said it was too early, on the basis of the provisional October data, to discern a trend that could threaten retailers' Christmas prospects. September's decline has been seen as an aberration after exceptionally heavy retail spending in August.

Leyland and Bedford may agree tie-up

BY KENNETH GOODING, MOTOR INDUSTRY CORRESPONDENT

TALKS about possible links between Leyland Vehicles, state-owned BL's truck and bus subsidiary, and General Motors of the US, which owns the Bedford commercial vehicle business in Britain, may shortly come to a head.

It was being suggested yesterday that an announcement about a deal could be due early next year.

There still seems to be a possibility that GM, the world's largest automotive group, might acquire Leyland Vehicles from the UK Government and merge it with Bedford, part of the US group's international truck and bus organisation.

The result of the negotiations might, however, be a much more low-key arrangement, such as Bedford sharing the cab used on Leyland's heavy trucks.

Mr J. T. Battenberg III, Bedford's general manager, said yesterday that discussions with Leyland, which have lasted several months, were still going on. He refused to be drawn about details and added: "We talk to a lot of companies about a lot of projects and we don't divulge the details."

The fact that the talks are continuing is seen as significant by many observers because GM last week withdrew from talks which had lasted over a year with Enasa, the state-owned Pegaso truck group of Spain. GM said it wanted to work out its overall European plans

Earlier, discussions about the purchase by GM of MAN's heavy truck business in West Germany fell through. Mr Battenberg admitted yesterday that even subsequent negotiations about purchases of components by Bedford from MAN had ended without a positive result.

It would be a considerable coup if BL were able to sell its heavily loss-making commercial vehicle business to GM as part of its determined drive to return as many operations as possible to the private sector.

Last year the Leyland Group (which includes the components operations as well as trucks and buses) suffered a loss before interest and tax of £61m, a £9m reduction on the 1983 loss. The improvement continued in the first half of this year with a reduction in the loss from £33.7m to £23.5m.

Bedford is also a large loss maker and reported a net loss of £62.4m for 1984, up from £53.2m.

It has set itself a target of returning to an operating profit in 1986. But Mr Battenberg admitted that Bedford would have great difficulty in meeting that objective. Much depended on factors outside the company's control, such as UK interest rates and currency fluctuations.

He pointed out that Bedford was going through an expensive transitional phase with a £90m investment in the van production facilities at Luton, as well as a rationalisation of the heavy-truck operations at Dunstable, which had reduced capacity there from 50,000 a year to 30,000.

Bedford employs 6,900 compared with 9,700 two years ago. Mr Battenberg said that more people would have to go. The numbers would depend on market acceptance of Bedford's new van products.

UK NEWS

Job hopes 'brighter' in small companies

By William Dawkins

EMPLOYMENT prospects among small manufacturing businesses are brighter than they have been for more than a decade, but optimism over exports is slipping, says the Confederation of British Industry, the UK employers' organisation.

Almost a third of respondents to the CBI's latest quarterly survey covering 805 manufacturers with up to 200 staff, report an increase in the number of employees during the past four months.

A balance of 19 per cent (the proportion reporting an increase minus those registering a decline) of the sample said employment had risen during the past quarter – the highest balance since 1974.

The survey, published today, shows that a balance of 9 per cent of the participants reported a decline in export optimism compared with the 7 per cent balance that said the export outlook was improving when the survey was last conducted in July.

Nearly three quarters of the sample said prices were the most significant constraint on their ability to win export orders against foreign competition, the highest percentage to cite that factor since 1981.

"The CBI's smaller-firms council wants a stable exchange rate so UK firms can be more competitive in overseas markets," Mr Alan Stote, council chairman, said.

A balance of 3 per cent reported that they were more optimistic about the general industrial outlook than four months ago, with optimism among 63 per cent of respondents unchanged.

Meanwhile, the rate at which production is increasing is slowing down, with a balance of 18 per cent reporting an upturn in output, down from 22 per cent in the July survey.

Slightly more than 75 per cent of respondents said a shortage of orders would be the most likely limitation on output during the next four months – a slightly higher percentage than in the last survey – while shortage of skilled labour continues to be the second most important limiting factor, mentioned by 19 per cent of the sample.

Cosmos intensifies holiday price war with 38% reductions

BY ANDREW TAYLOR

COSMOS, Britain's fourth-largest tour operator, yesterday joined an increasingly bitter price war by announcing cuts of up to 38 per cent on some of its summer holidays for next year.

Mr Roger Corkhill, Cosmos managing director, said yesterday: "This price war will cause most tour operators big problems in 1986. Only those major companies with significant resources or those which have other diverse profitable businesses can look into the foreseeable future with any degree of confidence."

The company is following its three much larger rivals, Thomson, Intasun and Horizon, which have already announced big price cuts and sharp increases in the number of holidays they are offering.

Mr Harry Goodman, chairman of International Leisure, Intasun's parent, has given a warning that by the end of next year up to 100 tour operators might be forced out of business as a result of the price war.

Cosmos is offering more than 400,000 holidays in its summer 1986 brochures. Spanish holidays will be on average 17 per cent cheaper than last summer. Individual Spanish holidays will be as much as 38 per cent cheaper.

The company says it is also cutting prices to Greece by an average of 14 per cent; to Italy by 18 per cent; Portugal by 8 per cent; Morocco by 19 per cent and Tunisia by 11 per cent.

Cosmos is offering additional reductions for children and free parking at airports for up to two weeks for holidays departing from Luton, Manchester, Bristol and Newcastle. It says it will guarantee all prices against surcharge, provide compensation of £50 an adult if large alterations are made to holidays and pass on any further reductions to existing bookings.

It claims that a family of four travelling to Benidorm in Spain for 14 nights could save as much as £335 over the 1985 cost. The new prices, Cosmos says, will stand until December 31 1985, when they will be replaced in a revised brochure.

Tarmac chief joins board of Evered

BY DAVID GOODHART

EVERED HOLDINGS, the engineering group headed by the Abdullah brothers which has a 20 per cent stake in the TI Group, has strengthened its board with the appointment of Mr Roy Kettle, a managing director of Tarmac, as a non-executive director.

Evered has been looking for ways to add weight to its board with a view to a possible bid for TI. Mr Kettle, aged 61, is a well known West Midlands businessman. Before becoming a group managing director in 1983 he was responsible for building up Tarmac's quarry products division. He has been with Tarmac since 1954 and is also non-executive chairman of Cooper Industries.

Mr Raschid Abdullah, the Evered chairman, said: "We are very pleased to welcome Roy to the board with his significant industrial experience with a leading UK company."

Evered appointed a new finance director in September – Mr John Ford from Berni Inns – but TI has continued to doubt the depth of the Evered management team. Until Mr Ford's appointment the only main board executive directors were the two Abdullah brothers – Raschid and Osman – with one non-executive director, Mr Sandy Saunders, a former chairman of Evered.

The company is still looking to make another non-executive appointment to improve its City of London connections. Mr Raschid Abdullah said yesterday: "You need someone to present your case to the upper echelons of the City and we don't have that yet."

Register aims for computer safeguards

By Raymond Snoddy

MR DAVID Waddington, Home Office Minister, yesterday inaugurated the Data Protection Register designed to prevent the misuse of personal information stored on computers.

All organisations which automatically process information on individuals, with few exceptions, have six months to register with the Data Protection Registrar.

Those who fail to register could face unlimited fines if the case goes to Crown Court under the 1984 Data Protection Act. Mr Nigel Waters, the Assistant Data Protection Registrar said yesterday he believed at least 200,000 companies would have to register, but the final number could be double or even three times that figure.

Even those who have information automatically processed by their accountants have to register.

Mr Waddington said that the new act would give people reassurance that "information is collected fairly, stored securely and accurately, and used only for legitimate purposes."

The opening of registration is the first stage in the implementation of the Data Protection Act. Between now and November 1987 individuals will get the right to seek compensation for misuse of computer held information and access to what is held.

Britain is spending proportionately more on data processing than any other Western European country, according to a survey by the magazine Computer Weekly.

Britain's total expenditure of £10.13bn accounts for 3.5 per cent of gross domestic product. Computer industry salary increases in the UK this year averaged 7.5 per cent to 8 per cent, higher than forecast, and evidence of the continued high demand for skilled people.

Information packs on data protection available from: The Data Protection Register, Wilmslow, Cheshire.

THE MANAGEMENT PAGE: Small Business

EDITED BY CHRISTOPHER LORENZ

Tim Parker: salvation lay in specialist jobs and maintenance

Finding the right gear

William Dawkins explains how an engineer discovered its place in the market

JUST TWO years ago, Highfield Gears showed all the classic symptoms of a company teetering on the edge of the grave.

Losses totalling £400,000 since the turn of the decade showed no signs of diminishing as this Huddersfield-based power transmission engineer struggled in futile and misguided fashion—as it later realised— against growing competition from its much larger counterparts, the David Brown and Renold engineering giants.

The workforce had been more than balved to 130 employees over the same period, while the bank overdraft hed crept to £500,000, just over even an optimistic valuation of Highfield's assets. Suppliers, meanwhile, had started to recognise that the 58-year-old group's days looked as if they were numbered. Accordingly, they began to shorten payment periods and even on occasion withhold deliveries.

"We were on the brink of receivership," recalls Tim Parker, Highfield's 43-year-old chief executive. "The shareholders would have got nothing." That Highfield bas echieved a £90,000 pre-tax profit in the first balf of this year and is expecting £200,000 for the full 12 months is partly a testament to the abilities of Parker, a freelance management consultant brought in to attempt a recovery by the group'a anxious family shareholders in May 1984.

At the root of Highfield's problems were several basic marketing mistakes which have proved to be the death of many small manufacturers only a little weaker than itself. To start with, Highfield was competing against the wrong people.

It was setting its prices and designs against larger manufacturers selling into a European market. They could achieve economies of scale far beyond the reach of e company with sales of barely £2.5m in the year to February 1985 — and even they were finding that their margins were slipping in a declining industry.

One consequence of that was that Highfield fell into the old trap of pursuing sales volume at the expense of profits. This led it virtually to ignore the two areas of the gear industry in whicb it could compete against the giants: small scale specialist prodnction and maintenance. "We had a crisis of identity," says David Giblin, sales director.

To tackle such deep-seated problems, Parker has had to make some tough decisions of a kind which echo his experience as former director of the industrial division of the failed Capper-Neill engineering group. As an outsider to Highfield—and an unusual example of a consultant who puts his recommendations into effect rather than just producing a report—Parker bas been able to rely on an important weapon denied to the company's existing managers.

"There is an advantage to being at arms' length," be says. "I could tell the workforce that as a freelance management consultant I could get a job anywhere else. They knew that if they took my advice and succeeded I would stay, but if they ignored me and failed 1 would go—and they would probably end up losing their jobs."

Not that Parker has had to take an axe to the workforce. In fact numbers have grown slightly since he took charge. Instead, bis first attentions were directed above the shop floor towards the control of stock and materials.

That function had been shared between tha works and engineering departments, with no clear demarcation as to who was responsible for what. "It was a disaster area," says Parker. "Nobody was in charge. Nobody knew what was in stock, what was on order or what was required."

Specific responsibility for materials control was given to David Clegg, the engineering director, who was asked to set up a computer controlled order processing, materials requirement and production control system.

Before Parker arrived, Highfield had never hroken down its sales to see which contracts were profitable or loss-making, even though its office microcomputer was quite capable of doing so. "The company was just going for turnover. What we needed to do was to focus not on turnover but where we were making money," he says.

A few computer read-outs later, Parker and Giblin could identify which customers were producing losses. In many cases, prices had been set several years previously in relation to volumes which had since dwindled by up to 90 per cent.

As a result, it raised prices by an average of 15 per cent — with 50 per cent increases in extreme cases. A handful of customers left, but the sacrifice was a relatively easy one for a business which sells no more than 5 per cent of its turnover to any one company.

The computer read-outs also revealed that Highfield'a most profitable business was not — as it had always expected — its main activity: making gears for industrial machinery. The highest margins were instead being earned on repairs and maintenance, which until recently had only been treated as an unimportant sideline.

So Parker lost no time in establishing a repairs division in an empty 12,000 sq ft warebouse (a legacy of Highfield's pre-redundancy days), which is now turning over £5,000 per month. This figure is expected to rise to £250,000 annually next year.

Apart from having the advantage of making use of a once redundant overhead, the repairs division provides a neat balance to Highfield'a manufacturing activities, argues Parker. "Wa are in a cyclical business," he says. "As orders for new equipment go down, repairs should go up."

Another advantage is that customers can send machinery for repair without getting approval from their boards, as is usually necessary when making capital purchases of new equipment. "Believe me, the spending power of the average maintenance engineer is phenomenal," says Parker.

Most men in Parker'a position would have attempted to cut the workforce'a wages, one of the few variable costs in a business 80 per cent of whose overheads are fixed. Instead, be sought to make more productive use of the bours they put in.

Until last year, for instance, the workforce and staff took their lunch hours at different times, with the result that they were unahle to talk to each other for at least n quarter of each working day. "The staff are here to giva the workforce the right instructions to do the job. We can't do that if we are not here," says Parker.

Another incentive for more economic use of tima comes from the first bonus scheme in Highfiald's history. The size of tha bonus—on average 20 per cent above basic wages this year—is determined by an index related to the efficient use of time, which is displayed in the canteen every week.

The message that the formerly ailing Highfield is here to stay bas now got through to the suppliers, which have found that the tables have been turned. Highfield is in a position to dictate payment terms for the first time in many years.

Each supplier has been given a fixed payment term gauged in relation to its importance to Highfield, rather than being paid on an ad hoc basis when the company felt it could afford to honour its bills. For some, this has ironically meant that they are being paid later than when Highfield was on the hrink of collapse.

Barely disguising a grin of satisfaction, Giblin says: "Some suppliers will tolerate atrocious terms of payment so long as it's reliable."

Franchising

A plea for imposing standards

BY IAN HAMILTON FAZEY

ANYONE thinking of buying a franchise should steel themselves to get tough with the franchisor and ask some awkward questions. Who says so? None other than the British Franchise Association, which represents many of the very people who would end up well-grilled.

To help peopla perfect a good third-degree questioning tecbnique, the association has just produced a list of 50 model questions, including: "Is your company a member of the BFA? If not, may we know the reason."

With the association ever-anxious to promote a better image for franchising and ensure ethical standards throughtout the fast-expanding industry, the implications are clear. A franchisor does not bave to be a BFA member to be respectable, but the association thinks it is normal prudence to ask non-members to establish their credentials.

Franchising works through a franchisor selling an exclusive licence to a franchisee, who runs the franchise as his or ber own small business while relying on the franchisor for name, corporate image, proprietary supplies, promotion and possibly training in the management techniques involved.

Typical franchises include the high speed copyshop rivals Prontaprint and Kall-Kwik, fast food chains like Kentucky Fried Chicken and Pizza Express, and the Ziebart car rustproofing service al of them BFA members.

Because of the marketing support involved, many people wanting to get into small business think that franchising is an easy option. It should, however, be borne in mind that it may cost between £1,000 and £100,000 to buy a franchise, and tha equipment or shop fittings that may go with it.

Franchisors want people who are determined to succeed, possibly to become rich. They usually get their incomes from royalties from supplies and turnover, so non-go-getting dreamers need not apply. Good franchisors have stiff selection and interview procedures to weed out non-starters.

But it also makes sense for tha BFA to provide a crib for thosa who want to weed ont poor franchisors. Tu understand the franchisor's answers, potential franchisees need to bave done their homework. The person likely to use the crib best is probably made of exactly tha right stuff to make a go of things.

Subjects covered include tha franchisor's business, honesty about existing franchisees, costs, finance, business methods, profit forecasts and how to verify them, extrication clauses and training.

The 50 awkward questions ara part of the BFA's "Comprehensive Guide to Franchising," a short, factual hooklet that comes in folder form with a pocket at the back for useful leafiets from the banks and other financial institutions.

The BFA booklet makes great claim of its code of ethics, which demands full disclosure of information to prospective franchisees. It also requires franchisors to consider only those people who possess "tha basic skills, education, personal qualities and adequate capital to succeed."

Apart from one leaflet in the back pocket listing 73 full members, another shows that there are also 20 companies registered for future full membershio which are still developing franchises. To qualify, franchisors must have operated a successful pilot scheme for one year, and to have at least one franchisee who has been in tha business for a similar period.

Full members must have at least four franchisees, two of which have been operational for at least two years each.

Only franchisors with such records will be able to answer the questions. Other rules apply in the case of new franchise operations, where the key will be the ways in which risks are shared and flexible support given during a properly monitored pilot project.

In small business, it is often the nitty gritty of day-to-day operations that decide whether someone can keep up their enthusiasm and succeed. Things like asking to meet the franchisor's staff down the line—often the most immediate link to bead office—might not occur to people immediately.

Also on the checklist is another important question: "Whet happens if 1 run into operational problems 1 cannot solve? What help would 1 get?" A would-be franchisee might well hesitate to ask, fearing it might be interpreted as pessimism. By allaying such fears and urging realism, the BFA has done a good turn with this booklet.

"A Comprehensive Guide to Franchising" is evailable from the BFA at 75a Bell Street, Henley upon Thames, RG9 2BD. Price £6.00.

In brief...

SMALL BUSINESSES are proving resistant to the office automation revolution, according te the latest quarterly survey from the Small Business Research Trust, a privately backed research body.

The survey covers more than 1,000 small businesses in all sectors, one-third of which admitted to owning a computer. Less than 10 per cent, however, intended to buy one in the future. One in 20 of the businesses employing less than four staff used a computer, rising steeply to 85 per cent for concerns with more than 100 staff, says the survey.

Two thirds of those with a computer made use of it to help with accounting tasks, while 62 per cent of computer users had invoicing and credit control applications. Around 40 per cent used computers for payroll, stock control and word-processing.

The Quarterly Survey of Small Business in Britain costs £10 from tha Small Business Research Trust, 3 Dean Trench Street, London SW1P 3HB. Telephone 01-222 4684.

●

COMPANIES seeking to avoid the risk of falling foul of the Data Protection Act, which came into effect yesterday, are being offered protection by the Legal Protection Group, tha legal expenses insurer.

The Act requires any business which holds on computer personal information on employees and others te register with the authorities before May 11 and to comply with a number of other rules, including declaring the purposes to which the information is put and ensuring that data is kept np to date and accurate. Offenders can face unlimited fines and compensation awards.

Legal Protection is offering advice on how to deal with claims and complaints, plus cover worth up to £100,000 per claim up to a maximum of £1m annually. Premiums, based en applicants' turnover, start at £250. The cover includes legal expenses, the cost ef compensation awards and the costs of making appeals.

Details from Brian Raincock, managing director, Legal Protection Group, 31-35 St Nicholas Way, Sutton, Surrey SM1 1JB. Telephone 01-661 1491.

●

ACCOUNTANTS Ernst and Whinney warn that many businesses may not be able te meet the six-month deadline by which they have to register under the Data Protection Act.

The firm has produced a step-by-step action plan which includes worksheets and examples to make the registration process as painless as possible. It points ent that it could take the equivalent of one and a half man-years for a medium-sized company to reach registration, or up to six man-months for a small one.

Ernst and Whinney's Data Protection Action Plan is free to clients, er £15 for non-clients. Details from Andrew Oakley, partner responsible for data protection, Ernst and Whinney, 1 Lambeth Palace Road, London, SE1 7EU. — Telephone 01-928 2000.

●

"VAT Survival—Penalty or peace of mind" the title of a free booklet by accountants Deloitte Haskins and Sells.

It takes account of the tougher penalties far VAT infringements introduced in this year's Finance Act and gives advice on how to avoid drifting onto the wrong side of the compliance laws. Subjects covered inclnde the need for VAT planning, how te maintain reliable records and how to prepare for and cope with VAT control visits.

Available from The Library, Deloitte Haskins and Sells, PO Box 207, 128 Queen Victoria Street, London EC4P 4JX.

W. D.

Business Opportunities

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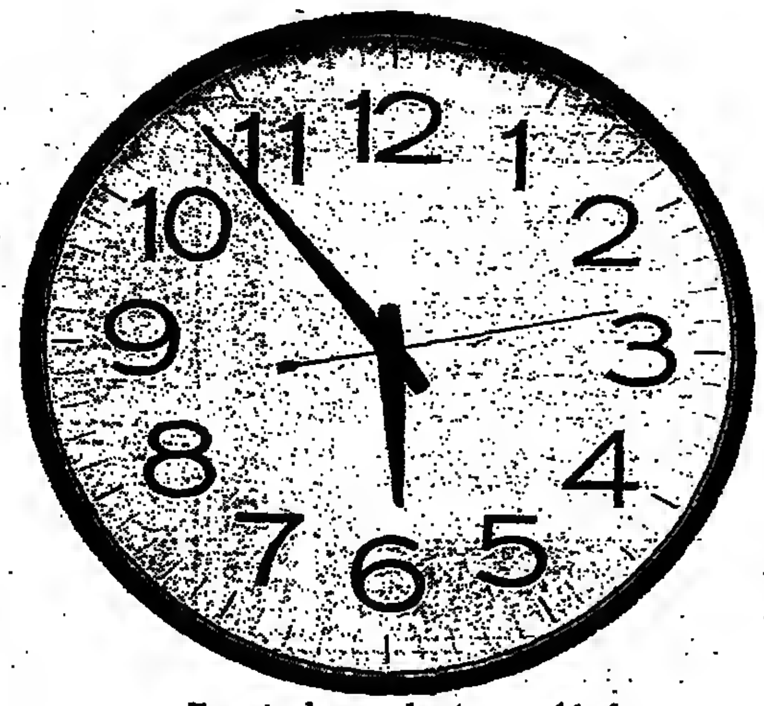

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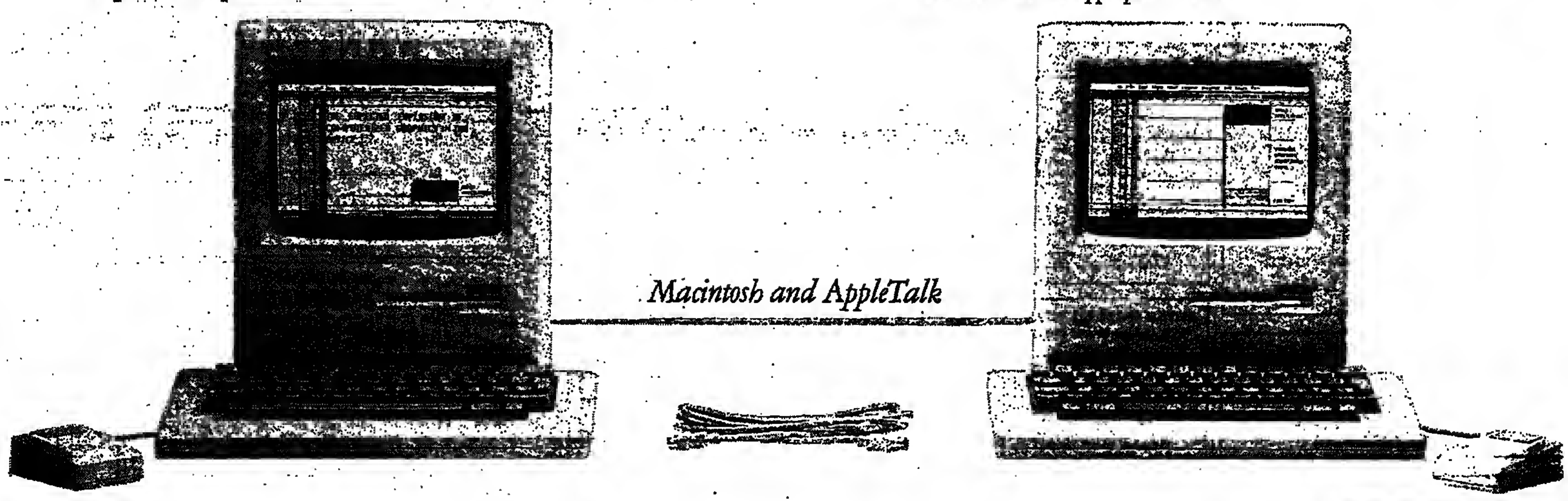

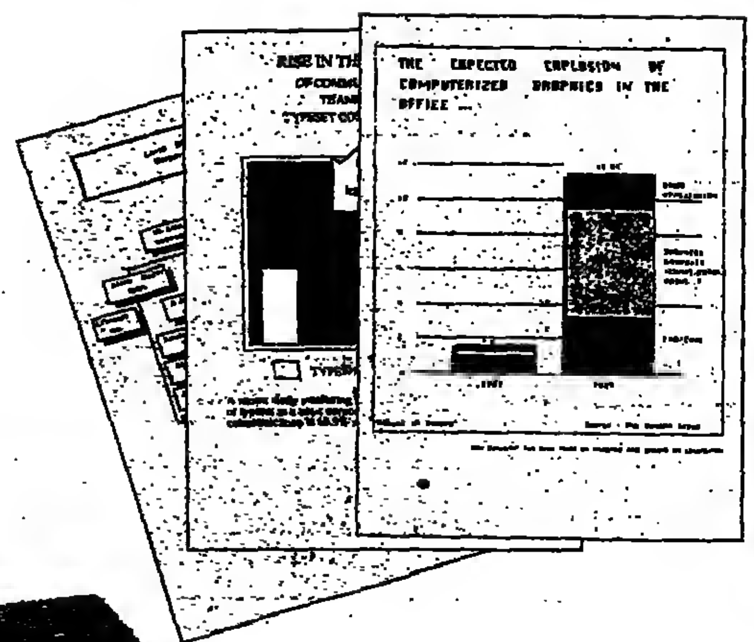

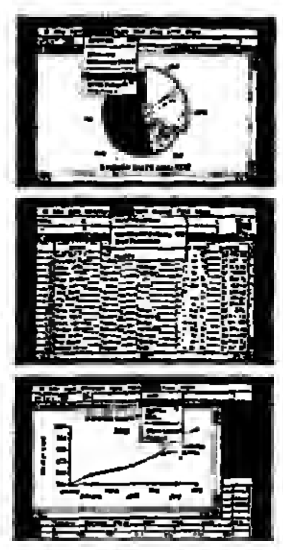

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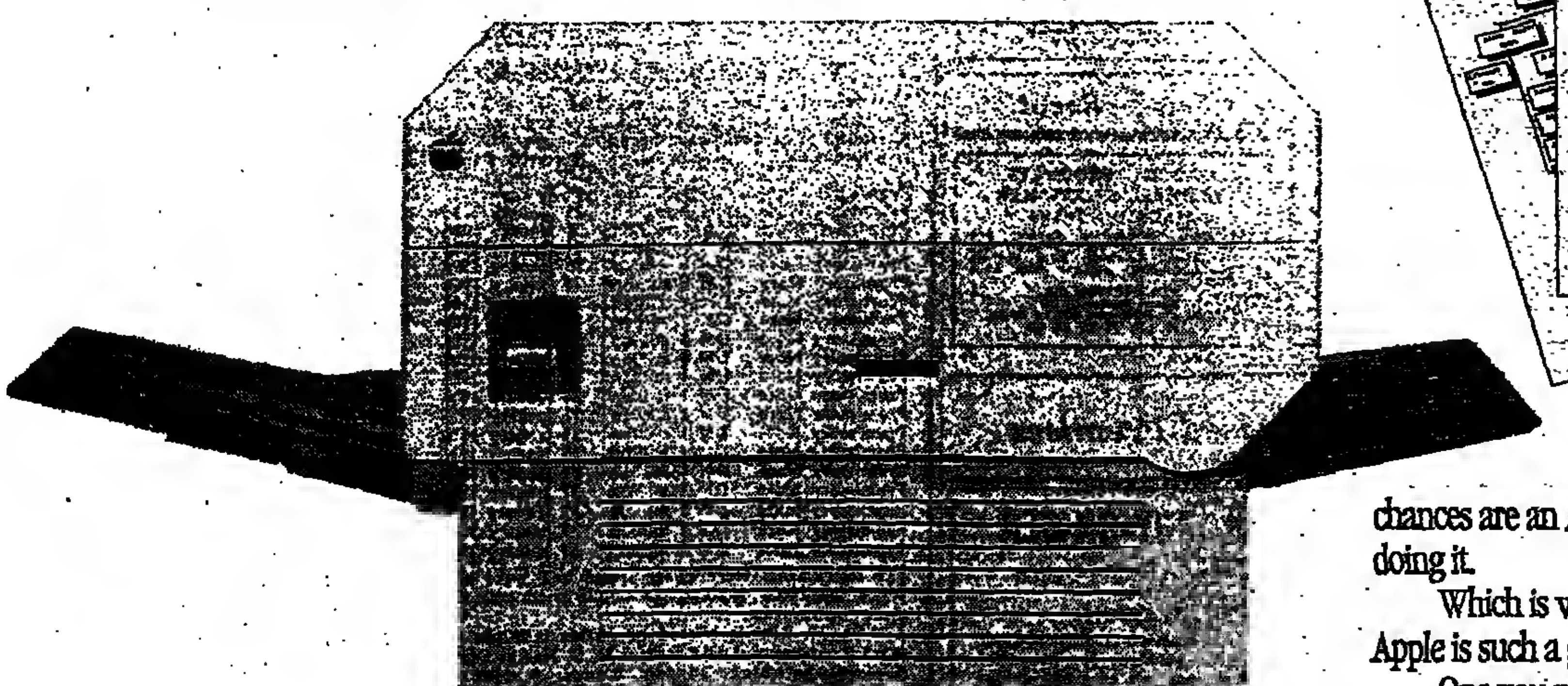

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The following Instruments executed by DG BANK Deutsche Genossenschaftsbank in London in favour of Adam Opel AG, Ruesselsheim or order have been lost in transit.

Description	Amount	Maturity Date	Identification Number
Promissory Note	DM 1 million	31 January 1986	1625/85
Promissory Note	DM 1 million	31 January 1986	1626/85
Promissory Note	DM 1 million	31 January 1986	1627/85
Promissory Note	DM 1 million	31 January 1986	1628/85
Promissory Note	DM 1 million	31 January 1986	1629/85
Promissory Note	DM 1 million	31 January 1986	1630/85
Promissory Note	DM 1 million	31 January 1986	1631/85
Promissory Note	DM 1 million	31 January 1986	1632/85
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Promissory Note	DM 1 million	31 January 1986	1634/85
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Promissory Note	DM 1 million	31 January 1986	1636/85
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Promissory Note	DM 1 million	31 January 1986	1642/85
Promissory Note	DM 1 million	31 January 1986	1643/85
Promissory Note	DM 1 million	31 January 1986	1644/85

The instruments were never issued and were not negotiated by Adam Opel AG. No one can obtain good title under or through these instruments.

Any person who is offered or comes into possession of any of these instruments should contact M. G. Hall at DG BANK Deutsche Genossenschaftsbank London Branch, 6 Milk Street, London EC2V 8DY, telephone number 01-726 6791.

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Company Notices

ROLINCO

ROLINCO N.V.

ANNUAL GENERAL MEETING OF SHAREHOLDERS

To be held on Friday, 29th November 1985, at the Hilton Hotel, Weena, Rotterdam, at 2.30 pm.

AGENDA

1. Opening.
2. To receive and adopt the Report of the Managing Directors for the financial year 1984/1985.
3. To receive and adopt the Annual Accounts for the financial year 1984/1985.
4. To determine the appropriation of the profit.
5. To compose the Board of Supervisory Directors.
   — Mr B. Pruijt will resign having reached retirement age.
   — Mr J. M. Goudswaard will retire by rotation. It will be proposed to re-elect him.
   — Furthermore, it will be proposed to appoint Mr. P. A. W. Roel a Supervisory Director.
6. Any other business.

Copies of the full agenda and of the Annual Report for 1984/1985 can be obtained from National Westminster Bank PLC, Stock Office Services, 3rd Floor, 20 Old Broad Street, London EC2N 1EJ.

Holders of Share Warrants to Bearer desirous of attending or being represented at the Meeting, should lodge their Share Warrants by hand (postal deliveries will not be accepted for voting purposes) with the National Westminster Bank PLC, Stock Office Services, 3rd Floor, 20 Old Broad Street, London EC2N 1EJ (between the hours of 10 a.m. and 2 p.m.) in exchange for a receipt, not later than Friday, 22nd November 1985.

Beneficial owners whose Share Warrants are presently deposited with a Bank must obtain a Certificate of Deposit signed by the Bank as evidence that such Bank is holding the Share Warrants. The Certificate of Deposit must be lodged against receipt, by that Bank, with the National Westminster Bank PLC, in accordance with the requirements stated above.

The receipt for the Share Warrants or Certificate of Deposit will constitute evidence of a shareholder's entitlement to attend and vote at the Meeting and should be presented at the door of the Meeting Hall. If a holder desires to appoint a proxy, who need not be a member of the Company, to attend and vote in his stead, a form of proxy may be obtained from the National Westminster Bank PLC as above and this form of proxy must be presented at the door of the Meeting Hall together with the receipt for the Share Warrants or Certificate of Deposit.

Beneficial owners of Sub-share Certificates registered in the name of National Provincial Bank (Nominees) Limited desirous of attending or being represented at the Meeting must obtain a receipt or Certificate of Deposit in the same way as holders of Share Warrants to Bearer. If they desire to attend the Meeting in person or to be represented they must obtain a form of proxy signed by National Provincial Bank (Nominees) Limited, which form must be presented at the door of the Meeting Hall together with the receipt exchanged for the Sub-share Certificates or Certificate of Deposit.

Beneficial owners of Sub-shares registered in any name other than that of National Provincial Bank (Nominees) Limited, holders of Registered Full Shares and Shareholders who maintain a Shareholder's Account with the Company wishing to attend and vote at the Meeting or to appoint a proxy to attend and vote in their stead, must signify their intention in writing to the Secretary, Rolinco N.V., Heer Bokelweg 133, 3032 AD, Rotterdam, Netherlands, to arrive not later than Friday 22nd November 1985.

BY ORDER OF THE MANAGEMENT
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Tuesday November 12 1985

Life is tougher at the top

THORN-EMI, STC and now Beecham—a chill wind seems to be blowing through the boardrooms of some of Britain's biggest companies. Chairmen of major companies have, of course, resigned "to pursue other interests" in the past. Yet it is unusual to see such a sequence of departures—and even more unusual for it to happen to a company like Beecham. Its recent performance may have been dull but unlike the other two it has hardly been disastrous. Has something happened to make the holders of such important offices more vulnerable?

Personality differences may have played a part in the Beecham move, where the departing chairman had been in office for only a short period of time. But there are more general reasons for thinking that the top jobs in blue-chip companies are becoming less secure. The volatile business climate of the past decade or so has forced even the biggest companies to tighten themselves up. They have all had to rethink their traditional structures, and take often painful decisions about the way ahead. The consequences of mistakes have become apparent more quickly. In this atmosphere, very large, well-established companies like ICI or Unilever have become more entrepreneurial in their upper ranks.

In addition, no company is now big enough to be free from the threat of an unwanted takeover attempt. Unless it performs well enough to keep its shareholders happy, it risks losing its independence. Beecham—like Thorn and STC before—has complained for some time that investors did not understand its business and the share price has performed consistently less well than the stock market as a whole over the last three years. The message of yesterday's announcement is that managers in future will ignore such signs at their peril.

On the whole, these are welcome developments. Too often in the past, it has seemed that the only way to replace top management has been to wait until the company's viability has been undermined, or until someone mounts a takeover. This is an expensive and disruptive way of achieving boardroom change. Far better for directors to put their own house in order at an earlier stage.

The performance of even the largest company can depend to a surprising extent on its chief executive. It may not be entirely a coincidence that in the case of Beecham, Thorn and STC, the role of chairman was combined with that of chief executive, thus depriving the board of an important element of balance. All three companies also appear to have had strong non-executive directors, who have to play a key role in monitoring the executives' performance.

One final point. If it really is true that life is getting tougher at the top, then there is a good case for some of the large salary increases for senior executives that have received so much publicity over the past year. Higher risks should be matched by higher rewards, preferably linked to some measure of long-term performance.

Power structure at Lloyd's

THAT Ian Hay Davison should wish to bow out of the troubled Lloyd's council chamber after three years is not altogether surprising, though his departure is premature. His was never envisaged as a long-term appointment, and many of the changes which he was brought in to implement have been concluded. These include the introduction of greatly improved standards of disclosure and accounting, and the preparation of a new rule-book.

What is more disturbing, however, is the obvious clash of opinion over the future status of the chief executive's job. When Mr Davison accepted the appointment he made it clear that he would need to carry the authority conferred by a council seat and, indeed, by the title of deputy chairman.

In such a structured society as Lloyd's the combination of a position on the council with that of an employee cannot have been easily accepted. Mr Davison is implying that Lloyd's wants to limit the powers of the chief executive, and to reduce the status of the position. In doing so, Lloyd's can point to the general rule among other self-regulatory bodies. Very few of these have appointed executives *powerful* enough to aspire to the status of what might be called a director-general. Indeed, a constitutional working party of the Institute of Chartered Accountants has just rejected such a proposition on the basis that it would devalue the leadership role of the elected president. At the Stock Exchange the executives are separate from and subordinate to the council.

But in Lloyd's case the attempt to demote the chief executive is a different matter. It was the Bank of England which applied the pressure on Lloyd's for the installation of Mr Davison as part of the process of cleaning up the insurance market's affairs. It is far from clear that the objectives which the Bank then had in mind have now been fulfilled.

Moreover, self-regulation of the financial markets has moved on in the past three years, and continues to develop rapidly, ahead of the imminent financial services Bill. Lloyd's constitutional position is now somewhat anomalous in that there is no specialist regulatory body to supervise it as the Securities and Investments Board will supervise investment bodies like the Stock Exchange and Nasdim.

It is not wholly desirable that the public interest at Lloyd's should be asserted through the extra-statutory imposition of powerful outsiders. But nor is it acceptable that Lloyd's should revert to the pre-Davison status quo. If Lloyd's is to continue to regulate itself within the present framework, it needs a powerful and independent chief executive.

Unchaining Europe's capital markets

THE APPROACH of the Big Bang in the City has been accompanied by a whole series of little bangs elsewhere, as financial centres try to protect their international business from the magnetic pull of the big three in London, New York and Tokyo.

The Dutch are about to complete the opening up of their capital markets and agreement may come about shortly to mitigate the fragmentation of the German securities market among eight bourses.

These and other measures are mainly welcome if they serve the greater efficiency of financial markets. Properly applied, deregulation ought to diminish the costs of intermediation and, hence, of borrowing. It ought also to make it easier for corporations, and especially for new entrepreneurs, to raise equity capital.

Steps in that direction have been taken recently in a number of countries. France has ended the four-bank monopoly over lead management of bond issues. It has permitted French corporations to borrow Euro-francs abroad.

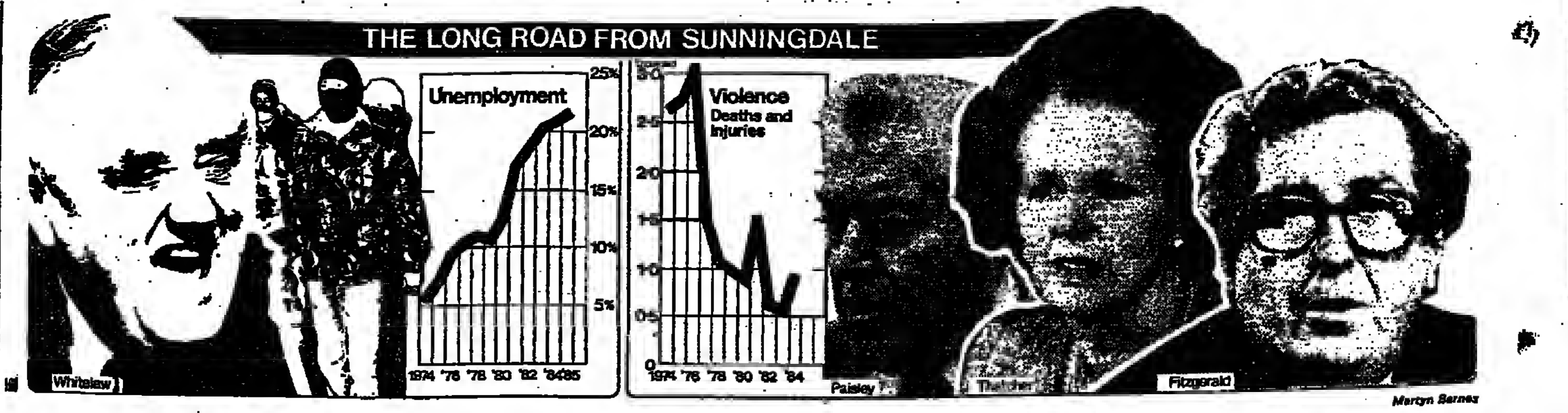
West Germany, too, has chopped a bit off the time-honoured issueing cartel. Lead management of D-mark Eurobond issues may be assumed by foreign banks incorporated in the Federal Republic. The Dutch are about to announce a similar relaxation.

Deregulation, to a great extent, has been the inevitable consequence of the introduction of floating exchange rates and of the spread of new information technology. He who holds out against this tide risks being stranded in a backwater.

It was not without reason that Dr Wilhelm Christians, chief executive of Deutsche Bank, recently castigated the "parish pump" mentality of German bourses. His bank's decision a year ago to move its Eurobond D-mark business to London was clear warning of the dangers of such a mentality. So was the decision of several leading Swiss banks to take stakes in London stockbroking firms.

Even in France, where exchange controls remain largely in force and where the regulation of financial institutions is part of the traditional machinery of power, Mr Daniel Lebegue, director of the Treasury, has said that deregulation elsewhere confronts the bourse with a "problem of survival."

But if deregulation of financial markets has become the order of the day, there should be clarity about one point: deregulation must not mean diminished responsibility. The distinction between regulation and supervision to ensure prudential standards is a fine one, but it has to be defended. As new technology, the advent of 24-hour trading and deregulation proceed, the case for Europe-wide or even international co-ordination of supervision to safeguard these standards gathers in strength.



Martyn Barnes

This time, tired Ulster may be ready to respond

By Margaret van Hattem

THE matrons of Bangor, a respetable seaside town near Belfast, have begun stocking up on tinned soups. Just in case.

In case of what, no one cares to say. But a number of supermarkets have noticed that their shelves are being cleared a little more quickly. It's just one of the few, the very few, tangible signs of the growing unease in the unionist community over the Anglo-Irish talks.

But this is not 1912, as everyone in Belfast will tell you. It is not even 1974, when the Ulster Workers' strike brought down the power-sharing executive set up by Lord Whitelaw's Sunningdale Agreement. The unionists are bitterly resentful at having been kept in the dark throughout the talks, and convinced that the outcome will be deeply repugnant to them.

This time, Ulster will probably not fight. Not en masse on the streets. Not unless pushed beyond endurance, and endurance stretches a lot further than in the old days.

Some would like to fight. But they admit quite candidly that they are not getting much support. Comparing present with past, one loyalist paramilitary leader comments: "The difference this time is that there's not so much violence around—the people have burned themselves out."

After nearly five years of talks, including a year of intensive negotiations, the British and Irish governments appear to be within days of signing an agreement on the future of Northern Ireland.

The aim is to involve the Irish Government in the north in a way calculated to undermine support for extremism on both sides of the sectarian divide.

The main agreed elements include a framework agreement for a new Anglo-Irish relationship, based on a determination to accommodate both the nationalist and unionist traditions in the north; a joint ministerial body, loosely based on the EEC Council of Ministers, to develop policy in areas such as the economy, administration and politics, security and the courts, backed up by a small permanent secretariat; a security commission, comprising the relevant ministers and the police chiefs, to develop security policy; and a parliamentary body to allow members of the House of Commons and the Dail (Irish Parliament) to debate Anglo-Irish affairs.

The main problem areas, in which an acceptable form of words may not be found until the last minute, if then, include linkage between the judicial systems of north and south, and reforms designed to make the police more responsive to the nationalist community's needs.

None of these institutions would have legislative or executive functions. They are intended to allow Dublin to raise the roof on areas of nationalist concern, and to make sure that London takes note. Dublin would not, however, be able to intervene directly in the governing of the province, or to force British ministers into particular decisions.

The hope and calculation is that both sides have so much to lose by wrecking the arrangements, that it would never come to that.

The agreement will not, by itself, stop the bombings and shootings. On the contrary, leaders of the paramilitary organisations on both sides will be watching for blunders.

The agreement will not stop the bombings

Nor can the presence of what one senior British minister once dismissed as "a rather bourgeois government sitting in Dublin" be expected to reconcile the republicans of the Falls Road and the Bogside to the Northern Ireland state overnight. The agreement cannot "solve" the problems of Ulster and is not expected to.

Perhaps the most the agreement can do is to ally the estranged parents, so that the children no longer play one off against the other; and to take some of the heat out of the two communities in the hope that they will start trading favours with each other.

For the Social Democratic and Labour Party, the main voice of constitutional nationalism, it offers the hope of exposure of, and redress for, the injustices and abuses, real and perceived, that make part of the minority community turn in anger and frustration towards the IRA.

For the Democratic Unionist Party, the Official Unionist Party and the Alliance Party, which represent the different shades of unionist opinion, it offers the consolidation of their position within the UK: it commits Dr Fitzgerald's Dublin Government to supporting actively the northern state as presently constituted.

Whether they will see it that way is another matter. A lot depends on nuance and symbol, which is why the civil servants in both capitals, who have spent months lovingly constructing a text full of two-way mirrors and gauzy veils, are very edgy about handing over to the politicians. Everyone in Ireland remembers Mrs Thatcher's famous "out, out, out," dismissal of the New Ireland Forum's more specific options—taken as a rejection of the Forum report as a whole, which it was not intended to be, because she forgot a small, but crucial, clause in her brief. It caused a terrific rumpus in Dublin at the time.

The fudges and omissions are not intended to deceive—though they will provide scope for deception—but to ensure there are no targets for opponents to seize on. Only a tiny minority on both parts of the island believe there is any foreseeable prospect of Irish unity; even the most diehard loyalists are apt to concede privately that they are well aware of the south's lack of enthusiasm for it. Yet any hint that the agreement is either a step towards unity, or a step away from it, provides a target for someone.

So the Irish will promote the agreement as a "process," delicately omitting to spell out where the process is supposed to end; while the British will stress the inviolability of the constitutional position and keep the Irish as much out of sight in the north as they can.

This explains the fuss over the siting of the permanent secretariat. Dublin insists it must be in Belfast if the minority community is to be convinced that the Irish Government is seriously in business in the north. They are not demanding a big building at Stormont, they do not insist on flying the tricolour, or on space for more than a handful of officials. But they must be seen to have arrived.

London, on the other hand, is highly nervous about providing and defending a physical target around which all the various loyalist and unionist groups can coalesce in opposition.

The British do not oppose the idea of a secretariat permanently based in Belfast; but they have been pursuaded by Unionist arguments that a steady drip, drip, drip approach will be more acceptable to the majority community.

This would suit the Unionist politicians admirably, lending credence to their argument that the agreement is the thin end of the wedge, the start of the slippery slope to Dublin. For, as several officers of various loyalist groups admitted in Belfast last week, there is no stomach for a fight among unionists at the moment, and it will take a lot to get them going.

"We would need a target," says Andy Tyrie, "chairman" of the Ulster Defence Association—the largest of the paramilitary forces. "All paramilitary organisations need a target to justify their actions. But after 15 years of war, the ordinary people have become sceptical—they are listening and analysing what they hear, and they are not in a mood to bring down their own house."

Security experts in the province confirm this view. The Royal Ulster Constabulary would doubtless prefer not to have to risk its officers' lives defending an identifiable building—but it is generally regarded as being well up to the task.

The RUC is one of the major reasons why 1985 is not like 1974. The difference was brought home in Portadown last summer when traditional loyalist marches were routed away from Catholic areas, provoking violent clashes between marchers and police. The prospect of the Ulster police bearing down on loyalists would have been unthinkable in 1974—it was one reason why the Government stepped in and introduced direct rule.

Since then the RUC has been transformed — re-equipped, re-trained and pruned. A number of officers have quietly moved on.

There is still a long way to go before many nationalists can be reconciled to the police force, or convinced it does not include special squads operating a shoot-to-kill policy.

A second major difference between 1974 and 1985 is economic. Unemployment has more than doubled — it now stands at over 25 per cent — and many of the employed owe their jobs to public subsidies. Workers, it is generally felt, would think much harder and longer about going on strike.

RUC less subject to loyalist influence

Unionist MPs have threatened to withdrawn their consent from the agreement, resigning their seats and prompting by-elections. Unionist throughout the country, they have warned, will resign their jobs in support.

But there is some doubt whether even all the Unionist MPs will be ready to resign, particularly concerning those with marginal seats. As Frank Millar, general secretary of the OUP says: "How can we expect other people to give up their jobs unless we are all, all, prepared to do the same."

According to intelligence reports, certain prominent Unionist MPs have been in contact with the paramilitary leaders to sound out their intentions and capacities.

According to Andy Tyrie, they have received very short shrift. "I've told the political people to exhaust all the political avenues first," he says.

"If they realise they can't just use me, they'll have to work harder for a political solution. They tell the government 'If you don't deal with us, you'll have to deal with the hard men.' I tell them, 'you're the hard men.'

"I don't think they're going to resign their seats. If they do, I'll provide whatever backing is needed to convince the British. But our politicians have been saying the same things for 15 years. Mild contempt? Yes, that would describe my attitude to them pretty well."

Mr Tyrie and his lieutenant Mr John McMichael are letting it be known they have no plans to react to the agreement, and are not likely to have any for several months. They will be waiting for public reaction, for identifiable targets, or even for some IRA activity to respond to. And no one is sure which way the IRA will jump, possibly not even the IRA army council.

Even if they were to plan a campaign, it is far from certain whether they would receive much support from fellow officers in the UDA, some of whom are considerably less hawkish.

The UDA membership is currently estimated at around 7,000 men, who drill one or two nights a week under the guise of social and recreational clubs. (Firearms practice is harder to arrange, but it takes place.) The police are well aware of their activities and often interview them on their way in or out, to check on names and faces.

They are organised, and equipped. There are more than 100,000 firearms in private hands in the province — by definition, most of them in Protestant hands — and paramilitaries say they have no problems shipping firearms and grenades into the province.

But will they be used? The general feeling is they will not.

As one local politician put it: "Even Paisley knows the support's not there. Two months ago, he was fighting in the trenches, but he's pulled his horns right in. He sees it's not 1974."

Belfast itself has mellowed. Parts of it are still bombed out, slummy and dreary. But much of it has been rebuilt. For many living there, the violence has the same impact as the Brixton and Tottenham riots had on most Londoners. It is something you see on television.

In 1974, the violence was a relatively new phenomenon, and no one knew how far it would go. After 15 years of it, the limits have been set. That in itself gives some sort of security.

Men and Matters

Bitter pill for Halstead

Beecham's board, and its advisers, looked at the group's three-year record of results which have, by and large, disappointed investors, and decided that something must be seen to be done.

And what was decided upon was the surgically swift removal from office of Sir Ronald Halstead, aged 58, the £187,000 a year chairman and chief executive of the pharmaceuticals and consumer products group.

Enter a new Brylcreem Boy. At a dramatic lunch-hour press conference in London yesterday who should take centre stage as the new chairman but Lord Keith, the veteran merchant banker and industrialist.

That is the same Keith who was drafted in recently as chairman of STC in a caretaker role following gloom in that business and the sudden departure from the chair of Sir Kenneth Corfield.

At 69 years of age, Keith (he has been chairman of both Rolls Royce and Hill Samuel) was being called in the City of London last night, "The lord every company loves to be rescued by."

He was ready and waiting in the wings to perform a leading role for Beecham for he has been a vice-chairman of the group since 1970, and a director for an impressive span of 36 years.

Beecham intends to appoint a new chairman from outside. Meanwhile Keith will keep the chairs warm at both STC and Beecham.

Explaining the departure of Halstead, Keith said that in view of recent performances Beecham required a younger and more dynamic management—and that these changes should begin at the top.

Halstead joined Beecham as a chemist more than 30 years ago and followed Sir Graham Wilkins as chairman and chief executive last year.

The chief executive post is being filled by an internal appointment, John Robb, aged 49, a Scot. Robb is a Beecham director who joined the group 19 years ago as a toiletries marketing executive and made his name as a marketing man.

After stints overseas he returned to Britain in 1976 to run the food and drink division. He joined the board five years ago, and became chairman of Beecham Products in May last year.

Thin ice

Ian Hay Davison, Lloyd's chief executive, who resigned yesterday, was once compared in the market to a professional ice skater. "Not much good at compulsory figures but a marvellous free style," confided one member of the ruling council.

Now some are wondering whether he has fallen through the ice. "It is an open secret that the establishment did not like him," says one of the market's progressives. Another characterises the attitude of some of the more reactionary schools of thought as "How can this man, a clerk, sit at the same table to lunch and dinner with me?"

Speculation is already rife about his successor. The occasional top underwriter's name is mentioned—such as the ubiquitous Stephen Merrett. But even those who are not sorry to see Davison go, feel that the administrative job at Lloyd's is truly daunting, and will require a broad range of business skills.

Drawing rights

Ian Edwards-Jones admits to having had a few "frank exchanges" with his bank manager over the years. But since he has stuck with the same high street bank since 1939, his little altercations must have been happily resolved in the end.

The same cannot be said of the cases he will be dealing with in his new job as Britain's first Banking Ombudsman (or the first Banking Ombudsman in the world, as he was being billed yesterday. Any complaint that reaches him will, by definition, be deadlocked between bank and customer.

But this is a prospect that attracts his lawyer's mind.

"It's quite a challenge," he says.

A Queen's Counsel since 1967, he has already learnt about dealing with people's complaints as a social security commissioner for the last five years. At a personal level he is a champion of consumers'—or at least fishermen's—interests as a member of the Welsh Water Authority.

Not that he is anybody's champion in his new job: "The important thing is that I should be known for my independence." He is clearly bracing himself for a fairly hefty workload: the 18 banks who are backing the scheme have 33m customers.

Welsh village

Wales seems to have struck a profitable affinity with the Far East. After its success in attracting expatriate Japanese industry, it is now exporting a typical piece of the Principality to China.

A Cardiff consortium is to build a £6m holiday village—with a chapel, a pub, and homes with Welsh slate-type roofing—on the island of Xiamen, off the Chinese coast.

The project arose out of the twinning of Cardiff with Xiamen (roughly halfway between Hong Kong and Shanghai) three years ago—the first link of its kind between a Western and a Chinese city.

The Chinese suggested the project—and the incorporation of its Welsh features—when a Cardiff civic delegation visited Xiamen last year. A Chinese delegation was in Cardiff last week to see the plans.

The project is being co-ordinated by property developer, David Poole, chairman of the Monnow Group; the architects are David Preece Associates of Cardiff; and consultants, Pannell Kerr Forster Associates are advising the consortium.

Chinese authorities, who hope the island will attract holidaymakers from Hong Kong, Singapore, Japan and the Philippines, have indicated that they are prepared to grant the developers a 20-year lease and 90 per cent of the profits for the first 10 years.

Back to Barclays

Barclays Bank has been losing so many executives to rival City groups and banks like the TSB that it makes a change to be able to lure one of them back—Alan Beale, who returns to head its huge worldwide energy department.

He is a particularly gratifying catch because he comes from BPFI, the much-publicised internal bank recently set up by BP, which some bankers view with some alarm.

Beale, aged 54, worked 25 years for Barclays before joining BP's corporate treasury department 10 years ago. "It's rather like coming home," he says.

"If I had been approached by any other bank, I doubt if I would have accepted. But I know the people here, and Barclays has a great deal of muscle which it does not flex very often."

In his new post, Beale will be responsible for all of Barclays' energy lending.

The energy portfolio is the largest single slice of Barclays commercial lending business, and covers facilities worth hundreds of millions of pounds down to "quite small loans"—which in Beale's terms means anything less than a million.

Observer

Letters to the Editor

There are alternatives to unemployment

From City of London Trustees and Members of the Council of the Charter for Jobs and Employment Institute

Sir,—We do not accept that there is no alternative to having 3.2m people unemployed. We believe that unemployment can be reduced without a rise in inflation. Other countries have unemployment levels half our own, or even less. Unemployment is creating a generation of young people many of whom have never had a job. They will find it all the more difficult to adjust to new job opportunities, the longer they remain unemployed. The need for action is urgent, because the damage of unemployment may be irreversible.

We believe that some controlled fiscal stimulus would help to create more jobs. Severe fiscal contraction in the early 1980s is one reason why unemployment is higher in the UK than in other countries. More recently, the Government has had e looser fiscal stance than bas been apparent, because of sales of council houses and public corporations' shares, not counted as part of public borrowing. This bas not been sufficient to reverse the rising tide of unemployment.

Competitive private enterprise is a major source of new jobs. Government action has done something to improve the business climate. More needs to be done to improve the supply of labour, by measures aimed at the tax and benefit system, education and training, housing mobility, and the functioning of the labour market. Such policies will take some years to have an effect on employment.

In the meantime, a fiscal stimulus should be used to create jobs. A sensible policy mix would include several different approaches, which need not be exclusive alternatives. The Government can spend more to renew our decaying infrastructure of roads, sewers and local authority housing. Such expenditure has to be incurred sometime, and will only increase as delays cause a more rapid rate of deterioration; there is no better time than now, when there is spare capacity in the construction industry. The Government can increase expenditure on the community programme and other job creation schemes. It can cut taxes and national insurance contributions, in return for restraint in pay bargaining.

Unemployment is a burden on the budget, because it increases welfare spending, and reduces tax revenue. A fiscal stimulus to create jobs would be to some extent self-financing, because it would mean spending money to save money—spending it for productive purposes to save unproductive expenditure on unemployment benefit.

Fiscal expansion would mean more borrowing, until the savings from reducing unemployment were made. The public debt could still be prevented from rising as a percentage of GDP. Public sector debt is now about 55 per cent of GDP, close to the industrial country average of 50 per cent. According to present plans, it would fall to ebout 50 per cent in five years. This is too restrictive at a time of high unemployment. If it were to remain at 55 per cent, there could be an increase in public borrowing, to 4.5 per cent of GDP from the present objective of only 2 per cent.

Financial markets are quoted as an obstacle to fiscal expansion. It is said that, if the expansion is financed by government debt, interest rates will go up, and abort economic growth, while if it is financed by increasing money inflation will rise, and the Government will have to put the brakes on the economy. There is no conclusive proof of any close link between deficits and interest rates, nor need higher borrowing lead to inflation. Financial markets have been conditioned to believe that fiscal expansion would be bad for the economy, and therefore their reactions to it could be adverse.

We believe that financial markets would accept a well-argued case for fiscal expansion. The increase in the budget deficit would have to be presented as responsible, giving e positive rate of return. Measures would be targeted on specific sectors, so as not to create inflationary bottlenecks. There would then be a good chance of improving on the current rate of economic growth. Only by policies aimed at non-inflationary growth can unemployment be cut.

Lord Caldecote, Gavyn Davies, Lord Donoughue, Christopher Johnson, John Linbourn, Tad Rybczynski, Clive Thornton, Sir Douglas Wass
Suite 107, Southbank House, Black Prince Road, London SE1.

Inscrutable Common Market

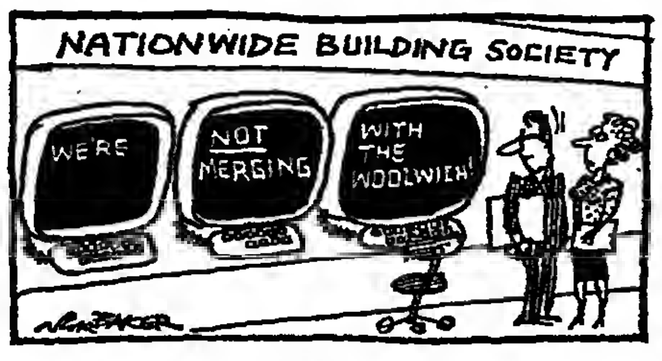
From Mr J. Bookey

Sir,—Mr Louis Kawan, the European Commission director responsible for relations with China, says (November 6) that few exporters have come forward to pay the £590 "entrance fee" for discussions on potential ventures with a Chinese delegation at Brussels.

I am not surprised. I was interested in one of the propositions, an investment (not an export) in a £100m project. This was described in exactly 18 words. On telephoning Brussels for information I was told to pay my "entrance fee" and more would be disclosed. Eventually my respondent was persuaded to name the raw material used, but would still give no more detail.

I applaud the enterprise of the Chinese and the EEC in facilitating trade, but the lack of information provided is no encouragement to decide to invest several days in Brussels.

Bernard Bookey.
34 Harrow Road, Middlesbrough, Cleveland.



Take a longer term view

From Mr D. Dale

Sir, — Mr Keith Smith (October 22) is saying that markets do not look far enough ahead for the welfare of British industry, and Mr Martin Wolf (November 2) is saying that if we give the job to anyone else, they will make a worse job of it. I agree with the first proposition; and would agree with Mr Wolf that up to date, in Britain et least, no one else has done a much better job. But dare we say it cannot be done?

In the last century it was accepted as a virtue to "build to last" and we are still reaping the benefit. In this century we bave invented a theory—and accepted it without question—that shows that only fools build to last, and only fools try to look ahead more than a few years. I refer to the assessing of future projects by present value methods and using e required rate of return which is quite unsustainable over long periods. This attitude is epitomised by the Government's requiring a real rate of return of 5 per cent to 7 per cent on public projects, but being prepared to pay only 2 per cent on indexed granny bonds. The market will certainly look for its 5 per cent to 7 per cent.

I cannot think of a way of giving an incentive to the market to take a long view, but I have become very grateful for the present benefits our parents and grandparents worked so hard to provide. To ensure the continuing health of the British economy (let alone investment in public works) we must somehow push out our strategic horizon to some 20 or even 30 years.

Japanese industry in co-operation with its Government has planned many years ahead, and is now reaping the benefit. Our market goes for the quick buck, but with people and facilities lying idle we should be pursuing projects showing as little as a 3 per cent return. We must find a way of weighting the market towards the longer term, or put our trust in a different agency. Perhaps both Mr Wolf and Mr Smith could help to devise a means of doing the one or the other.

Douglas Dale.
97, Hilderstone Road, Meir Heath, Stoke-on-Trent.

Compatibility of computers

From the Sales Director, ICL (UK)

Sir,—Your front page article (November 8) on the abortive merger of the Nationwide and Woolwich & Equitable Building Societies, highlights the incompatibility of the computer systems as the major reason for aborting the merger.

The international open systems standards (OSI), to which many of the world's leading information technology supplies have now committed support (including ICL, IBM, DEC and Honeywell), are specifically designed to ensure that this incompatibility will not be a constraint on business in future.

By insisting on the use of these standards in their companies, directors will be enhancing the competitive advantage of their business and ensuring that computer systems will be a positive help in achieving successful takeovers and mergers. The widespread IT industry commitment and increasing availability of OSI products places the ball firmly in the court of corporate managements to adopt these standards—or face having to explain to their shareholders why they are deliberately inhibiting the competitive advantage of their companies.

R. N. B. Wood,
Bridge House, Putney Bridge, SW6.

Firing the chief executive

From the Chairman, Cowan, de Groot

Sir, — Referring to Mr O'Shea's letter (November 6) in which he states that the chairman's job is to chair meetings and really "nothing else," surely this depends on the status of the chairman in question. Some companies use non-executive chairmen mainly for the purpose of chairing their meetings and nothing else, as Mr O'Shea suggests, but the vast majority of companies employ executive chairmen whose activities and responsibilities far exceed that of just chairing meetings.

Indeed, frequent chairing of meetings is only a most minor part of their duties and responsibilities.

Usually, executive chairmen are the longest serving board members who take additional responsibility for the public relation profile of the company, represented it at all levels and are very much involved in executive activities. It is obvious that the chairman of a company cannot dismiss the chief executive unless he has the support of the majority of his board or, in the case of an equally divided board, the casting vote.

Derrick Cowan.
11, John Street, WC1.

Repairs to homes

From Mr D. Morris

Sir,—The costs of improvements and outstanding repairs to homes owned by local authorities is very high and worsening, but need so much of it fall on the taxpayer?

Like owner occupiers, many council tenants are capable of repairing and improving their own homes and given an incentive would probably welcome the opportunity. To accept the repairing liabilities, either in full or part, they would require a reduction in their rent. To compensate them for the cost of approved improvements, compensation could be payable should they vacate within, say, 15 years. This should cover the costs less 6.5 per cent for each year they remain in occupation. Of course, if they could be granted a lease this would give them a real stake in their house although not so good as buying it.

Over the years commercial tenants have accepted similar obligations, and given some thought the same could be done for council house tenants, who I am sure, would then be far better housed, and less at the taxpayers' expense.

David Morris.
Flat 3, 9 Lewes Crescent, Brighton, E. Sussex.

The value of creative people

From the Chairman, Sabre International Textiles

Sir,—The new School of Communicating Arts (Management Page, November 7) exists because the advertising business requires graphic designers moulded to its particular needs; which has nothing to do with creativity. There are many excellent design courses in this country, particularly at first degree level, where students' substantial talents are more appreciated overseas than in their own land.

The whole of industry, not excluding the "communicators," must learn to differentiate between the value of genuinely creative people, who must then be nurtured and taught within companies' in-house training schemes, as is done rather successfully in Japan, and the pre-packed minds which so many media and other businesses seem particularly to hunger for.

Louis van Praag.
Windmill Road, Sunbury-on-Thames, Middlesex.

Bases for real exchange rate calculations

From Mr D. Morrison and Mr J. Hale

Sir,—Messrs Skeoch and Dennis (November 5) make one invalid criticism of Messrs Marris and Martin's article (October 30) on real exchange rates and one confusing assertion.

The invalid criticism is that absolute price level differences are inferior to relative price differences in arriving at a purchasing-power-parity (PPP) base for real exchange rate calculations. To pick an arbitrary base year (or an average of four arbitrary base years) for e real exchange rate index is to waste valuable information about how far a currency was ehove or below PPP in that given base year. For example, eny real exchange rate index will tell us that sterling has deprecieted against the US dollar by abont 35 per cent in inflation-adjusted terms since 1980. Absolute PPP's derived from price surveys also tell us that sterling was 23 per cent above its PPP level against the dollar in the "base" year 1980, and hence that sterling is currently about 12 per cent below PPP against the dollar. Had we assumed (incorrectly) that PPP held in 1980, we would have to say that sterling was now about 35 per cent below PPP against the US unit, or that PPP would hold at around $/£1.95. This does not seem sensible. The Skeoch and Dennis approach is analagous to saying that because a man climbed a further 3 ft above sea-level he must climb down 3 ft to be at sea-level. What we are saying is that we need to know how far ebove sea-level he was in the first place before we can tell what difference, to drowning, 3 ft makes. This knowledge of the starting position is what OECD direct survey evidence on actual price levels is all about.

Of course, there are non-trivial methodological problems involved in any real exchange rate calculation (which price index to use, how to weight it etc). Bnt these difficulties apply whether actual price differences or an arbitrary year is used as a base. A more important issue is the link between prices, costs and profits. If PPP in terms of price does bold between two countries in a given year, but costs are much higher in one country than in another, then profits in the high cost country will be depressed. For this reason, it may be necessary for a country to bold its real exchange rate below PPP if trade balance and full employment output is to be achieved. But this is a different argument from the one about the exchange rate level at which PPP would prevail, which cannot be settled without looking at actual prices.

The confusing assertion by Skeoch and Dennis is that "at the equilibrium relative price . . . the current eccount of the balance of payments will be in equilibrium." As a bald statement this is uncontroversial. However, their implication is that the equilibrium relative price is the PPP price; there is no necessity for this to be the case. The exchange rate which produces PPP, balances the trade account or balances the current account may be three different exchange rates. For example, in the present position of the US as a net debtor country, and abstracting from non-price influences the US$ will eventually need to fall to a level which produces a trade surplus in order to offset the deficit on invisibles account due to net interest payments to foreign holders of US debt. The US$'s PPP exchange rate and true steady-state equilibrium rate are, thus, probably different and are likely to diverge more the longer the US$ remains et current levels. PPP rates are not equilibrium rates.

Nevertheless, to keep in line with the fashion, we include some of our own estimates of PPP exchange rates for good measure. These are $/£1.59, DM/£4.20, DM/$2.64, Y/$209 and Y/£332, and are all based on actual (appropriate) price survey evidence rather than arbitrary base years.

David Morrison,
(Chief International Economist).
Jeremy Hale,
(International Economist).
Simon and Coates,
1, London Wall Buildings, EC2.

Three months after Japan's jet disaster

An airline in mourning

By Carla Rapoport in Tokyo

JAPAN AIR Lines' efforts to win new international routes slowed slightly last week as one of the airline's promising young analysts took an afternoon off work for an unusual purpose.

The analyst, Kazushige Yoshida, spent the afternoon in search of a watch. The watch had belonged to one of the young victims of the crash of an Osaka-bound JAL 747 which killed 520 people last August in the worst single aircraft disaster in history. Yoshida was accompanied by the young victim's teenage brother on a painstaking hunt through unclaimed baggage from the crash in a Tokyo warehouse.

Three months after the crash, JAL is still devoting itself to the kind of detail and service that a company outside Japan would rarely consider. Compensation, in the West, is largely a monetary transaction dealt with by lawyers and the insurance companies. In Japan, compensation splits into two parts: one is monetary and the other is social.

Both will be expensive. Two lavish funeral services fo rall of the victims, beld in Tokyo and Osaka recently, cost JAL $1.5m. Contributions to the families of the victims for their own funeral services, plus "sympathy" money, added up to more than $4m. Sympathy money is given by every guest at a Japanese funeral. The current amount given for close friends or relatives is about Y20,000, which is about one-half what JAL gave.

In addition to this, each family has its own JAL staff member, such as Mr Yoshida, available at any time for any purpose, from belping out youngsters on college applications to looking for a victim's watch.

Mr Yasumoto Takagi, the JAL president

Over the next few months, Mr Yasumoto Takagi, the president of JAL who tendered his resignation after the crash, is visiting each family, carrying with him incense, packets of seaweed and dried mushrooms, and fine tea, all traditional mourning gifts in Japan. No fewer than 17 top JAL managers are devoting all their time to these efforts, with another 420 serving part-time as individual family helpers.

Mr Tokagi's successor has already been selected, but the current president will not step down until he completes all the personal apologies to families of the victims of the crash. This is expected to take at least another two or three months.

The other side of the coin, of course, is monetary compensation. To the cynical Western eye, seaweed from a company president seems a cheap way to charm families into a passive posture on compensation. Other cynical Western observers might see JAL's efforts as admission of culpability for the accident, although its cause is still unknown. Indeed, neither Boeing nor JAL expect the current investigations into the crash to uncover its cause for as much as another year.

Neither interpretation is true. Monetary awards for the JAL crash are expected to set new records for Japan, with at least Y120m (abont $412,000) expected to be offered to each family of white-collar executives. The compensation system is based in part on the expected life-time earnings of the victim. Thus families of white-collar victims would be expected to receive higher awards than students or children.

As for admitting guilt by caring for the victims, JAL is unconcerned. "It was our aircraft and our passsengers; it is our responsibility," said a high-ranking JAL official recently.

In fact, responsibility for monetary compensation will be split 50-50 with Boeing, the manufacturers of the erashed aircarft. However, no Boeing executives will be carrying dried mushrooms to homes in suburban Tokyo. "It is a matter of our obligation. Many people would like to have Mr Takagi's call. People here expect this," says Mr Akira Teshima, JAL staff vive-president in charge of flight operations who is now supervising crash-related activiries.

These duties will include ettendance by a JAL staff member at the 7th day, 14th day, 49th day, 100th day and one-year commemorative service for each victim and annually after that. "If this overlaps with my work, I'll have to work longer hours," says Yoshida.

Partly because of this instant dialogue with the families, fewer of them will contact lawyers to negotiate their claims and so far, no victims' association has been formed. Mr Teryo Sakamoto, bead of JAL's legal department, says only about half of the victims' families have asked lawyers to represent them in negotiations.

"In the West, people go to court first. Here, people come to us first and then to the court if they can't settle," says Mr Sakamoto. Not surprisingly, Japan has only 12,000 practising lawyers, compared with 620,000 in the US which has just twice the population.

The non-litigous nature of the Japanese runs straight through the society, with the victim of a dog bite likely to go to the dog's owner rather than the law for compensation. And in that case, the dog's owner would be expected to offer monetary compensation while bearing armloads of flowers, chocolates or green tea.

None of JAL's actions, however, guarantee that it can regain its good standing with its important Japanese customers. Domestic passenger travel was down by 35 per cent in the first two weeks of October, while traffic on the popular Tokyo-Osaka route was more than 40 per cent lower than a year earlier. Profits for the full year ended next March are expected to fall to one-third of last year's level, or around Y7.5bn pre-tax on revenues of Y855bn.

Nonetheless, the company reckons it will pay around $17m for its various "social compensation" activities in the same period. This is apart from the monetary compensation, which will be largely borne by JAL's insurers. There is no guarantee that these actions will restore JAL's image or its revenue, but, for a Japanese company, there is no choice.

FINANCIAL TIMES

Tuesday November 12 1985

Rupert Cornwell explains how Bonn's export policy irks the patient Saudis

Shadow of the past on German arms sales

THIS TIME the Saudis are said to be becoming a trifle impatient with West Germany. If so, it is not hard to see why. The irritation revolves around weapons, or more accurately, the lack of them.

The problem is not so much a special Saudi predilection for arms from West Germany: an increasing number of countries share that. It is rather the misfortune of Riyadh to be the litmus paper of a debate without end in Bonn – over the criteria which should govern sales of German military hardware and knowhow abroad.

Throughout the early 1980s, Saudi Arabia waited, with exemplary manners, while first a centre-left Bonn Government and then a centre-right coalition wrestled with its request for 300 Leopard 2 tanks, acknowledged as the best on the market, as well as several hundred other armoured vehicles.

It has finally become clear that, because of German revulsion at the idea of German-manufactured weapons turned upon Jews in a possible future war between Arabs and Israelis, the deal will not go ahead. Riyadh will buy French and American tanks instead.

But now the Saudis are exploring a new agreement which, although ostensibly less inflammatory, would still be the largest single foreign arms order ever placed in West Germany. The order, worth some DM 7bn ($2.6bn), is for a state-of-the-art munitions plant, to produce 105mm, 120mm and 155mm "intelligent" tank and howitzer shells. A contract is unlikely for at least 18 months: but word of negotiations had hardly leaked out, in early October, before bigger arguments ensued.

History, it must have seemed, was about to repeat itself; and the Saudis signalled their anxiety, not inappropriately, during a recent visit to Riyadh by Mr Johannes Rau, the opposition Social Democrat candidate designate for Chancellor in 1987, and premier of North Rhine Westphalia. This is the state in which Rheinmetall and Thyssen Rheinstahl Fabrik, the two main West German companies bidding for the contract, are based.

On his return Mr Rau was the epitome of smiling diplomatic ambiguity. There had, he said, been no "concrete" discussion of the deal. His hosts had been understanding of Bonn's dilemma, and wanted nothing more than a clear cut decision, one way or the other.

But, he went on: "Wa Germans have a history which obliges us to make sure that we never again feature as one of the world's top arms exporters." The fact is, however, that West Germany is gradually showing signs of doing precisely thet.

The Government refuses to say just how much the country sells abroad. Estimates for 1983, the latest year for which data of a kind exists, range from the equivalent of $1.6bn put forward by Sipri, the Stockholm International Peace Research Institute, to around $3bn, a figure which does not include West German participation in multinational production ventures.

What is clear though is that the trend is upward, and that West Germany now ranks alongside Britain and Italy, though behind France, in the global arms export arena, despite the restrictive guidelines which successive governments have applied.

These too have been softened over the years. In 1982, the SPD-led Schmidt Government broadened the permissible scope to include not only Nato countries, but nations where a "vital" German or Alliance security interest was at stake.

Earlier this summer, it is understood that Asean countries in the Far East were placed in this category – an extension which only added to the interest (and criticism) attracted by a trip a few weeks ago to South Korea, Thailand and Indonesia by Mr Manfred Wörner, the Defence Minister.

The old concept of an outright ban on exports to "areas of tension" was dropped three years ago in favour of one on exports to countries where armed hostilities were likely. The extra flexibility of interpretation is evident.

But there are other more subtle ways in which the restrictions may be evaded. Bonn, for example, has little or no control over the destination of German weapons built abroad under licence. In 1984 it emerged that Messerschmidt-Bölkow-Blohm (MBB) helicopters, produced by an affiliate in Spain, had been delivered to Iraq, presently engaged in a war with Iran.

Nor can West German veto sales by a partner in a joint venture. The Government here could not, assuming it had wanted to, block Britain's £3bn contract to supply the Saudis with aircraft including 72 Tornados, of which German companies carry out 42.5 per cent of the work.

All this, of course, is to the delight of the arms manufacturers, seeking economies of scale to cut unit costs, and in the process safeguard the jobs of the 300,000 people estimated indirectly or directly to be supported by the industry.

The arguments in favour of a less prudish approach are most vigorously put, predictably, by Mr Franz Josef Strauss, leader of the conservative Bavarian CSU, keen pilot and unofficial ambassador extraordinary for the domestic arms sector in general, and for Munich-based MBB in particular.

Why should Bonn be more coy than its allies, especially since "if we don't sell the arms, other people will"? Why should there be a self-denying ordinance in West Germany, moreover, when unemployment is stuck at over 2m? And, he argues, greater readiness to sell weapons means greater foreign policy leverage for the country.

Mr Strauss may well be underestimating, however, the public hostility, evinced in many opinion polls, to more aggressive arms sales to the Third World – indeed to anything which smacks of a return to German militarism. Nor is Mr Rau alone in arguing that West Germany has plenty to offer apart from weapons.

The country is after all heading for a record 1985 trade surplus of DM 75bn, so it can hardly claim that arms exports are vital to balance the books. Some analysts indeed maintain that their arms sales could eat into ordinary exports to countries whose enemies are militarity equiped by German manufacturers.

To complicate matters further, the debate also cuts across party lines. Certainly the right, including Chancellor Helmut Kohl, would have little objection to higher sales of arms, while the SPD, not to mention the Greens and the pacifists, hold the opposite view.

But it was a Social Democrat Chancellor, Mr Schmidt, who promoted the 1982 changes, and who favoured greater defence cooperation with Saudi Arabia. Meanwhile Mr Hans-Dietrich Genscher, the Chancellor's FDP Foreign Minister, is believed to oppose the munitions plant deal as does, in public, Mr Ernst Albrecht, the influential CDU politician who leads the party into key state elections in Lower Saxony next year.

All of which suggests that if German arms shipments, in one form or another are to continue to grow the process will be gradual, and as discreet and uncontroversial as possible.

Alas for Riyadh, the new negotiations like the last ones, are a highly visible test case. Saudi Arabia, the contracts' supporters insist, is relatively stable, and of vital energy and security interest to Nato in the strife-torn Gulf region.

It is also next door to Israel, however, and if a German munitions plant does get built there, it will be important as proof not just of a major shift in German arms export policy, but of a change in the way the country views its past.

THE LEX COLUMN

Beecham's trail of powder

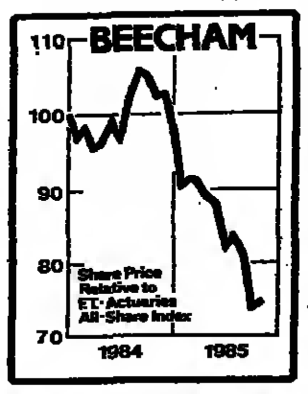
Boardroom evictions have not been exactly uncommon events this year, but yesterday's removal of Sir Ronald Halstead as chairman and chief executive of Beecham came as a bolt from the blue. Unlike Thorn-Emi and STC, Beecham seemed until yesterday to be suffering from no worse than a case of the corporate doldrums; and even yesterday's interim figures, hurried out to coincide with the announcement, showed underlying profits before tax no worse than level-pegging at £148m before the amortisation of goodwill imposed by the new accounting standard. On thet basis, either Sir Ronald has not been given a chance or Beecham really is a new addition to the market's walking wounded.

Beecham has underperformed the market steadily since the end of 1982, largely in recognition that its pharmaceutical business is narrowly based and has no blockbusters in the offing. The fact that pharmaceutical profits declined marginally in the six months to September should have been no surprise, given the government imposed price cuts in the UK and Japan; and this certainly would not have caused Beecham's non-executive directors to take such drastic action.

The real shock comes in the consumer products business, which produced growth before the acquisitions of British American Cosmetics and Unibond several points below the rate of inflation. It is all very well to point to destocking in West Germany or the problems of pushing short-life cosmetic ranges in the US; but the fact is thet consumer products are not generating the cash to cover fig-leaf acquisitions – let alone lay the foundations of growth in pharmaceuticals.

The market was saying as much by cutting the Beecham share price 41p to 285p, where it trades on a prospective price/earnings multiple nearer the Reckitts than the Glaxos of this world. Moreover, at the current rate of cash outflow – even after the 1983 equity issue – Beecham will have to look hard at its costs, including that of dividend distribution. As it is, the real decline in R & D spending on drugs is not an encouraging sign.

Beecham's non-executive directors are right to seek a new chairman from outside the company; but Beecham's future as a diversified drug company on the US model will be in danger if he cannot bring some experience of pharmaceuticals to match the consumer products background of the chief executive. That future may, anyway, be compromised should a third party decide that the Beecham brands look cheap at 13 times earnings.



Lucas

Already fuelled by nebulous takeover talk, the Lucas share price has never looked back from the moment when the company announced – early in September – that Lucas was taking a two-year holiday from pension contributions. Then 330p, the shares gained 18p yesterday to close at 468p, having shrugged off a one-for-four rights issue as if shareholders thought it a rare privilege to subscribe £89m of new capital. An increase of 77 per cent in pre-tax profits, and of a third in the dividend, made it easy for the market to gloss over yet another large restructuring provision (and the fourth transfer from reserves in five years).

To its credit, Lucas has indeed refrained from rights issues since 1976, although there have been many times at which cash was tight and equity was draining away in the form of plant closures and redundancy payments; shareholders' funds of £409m in the latest balance sheet are smaller than Lucas was able to boast in 1978. Although it could be argued that the rationalisation might have been faster and more effective had Lucas come to the market sooner, the temptation to wait for a stronger share price is always hard to resist; as is the inference that management has seen the top of the recovery.

With the exception of electricals, which must at last be more or less entirely under the axe, Lucas can now point to an all-round improvement in performance. In aerospace, the lengthening of Tornado and Airbus production programmes seems virtually to guarantee 15 to 20 per cent growth rates for some time yet. Progress in the automotive businesses may be less dynamic, particularly where bullish forecasts depend on growing car output in Europe and the US. In any event, it is hard to see Lucas making much under £100m this year, with a very subnormal tax rate leaving almost all the interest savings from the rights issue coming through to earnings. But the last of the provisions have not been taken yet.

Amersham

Amersham International surprised the London market yesterday when it did not blame stronger sterling for the £200,000 drop in half-year profits to £7.8m pre-tax. Having marked the shares down on currency fears in September, the market pushed them lower again, by 23p to 302p, in the expectation that the pound would take its toll in the second half.

The real problem has been the high research and development cost as Amersham chases after a diagnostics market which has turned against radioactive devices, the group's stock-in-trade. This year so far, £2.5m (out of a total first-half research bill of £5m) has been spent on the non-radioactive Amerlight system, bringing to some £10m the total pre-launch cost of this product. A higher cash outflow arising from development and capital spending, plus increases in working capital, have held back profits. So the £1.1m interest bill took what little shine there was off a 2 per cent rise at the operating level this time round.

Amerlight is now being moved out of the laboratories and into a strongly competitive marketplace. The hope is that the new system will in tima get US medical profits moving forward again. Although research and industrial product profits are rising, medical returns are falling back.

With fears of £2.5m translation losses for the second half, forecasts for the year have been reduced by some £1m to £16.5m. This has the shares on a prospective multiple of almost 14. That could prove a touch feverish if medical continues poorly, given that so much responsibility for future growth rests on the success of a single product.

Lloyd's chief resigns

Continued from Page 1

the administrative structure of Lloyd's.

As a preliminary move in its review of the administrative structure, Sir Kenneth received a preliminary report prepared by Lloyd's heads of departments and the four senior members of the council, Mr Peter Miller, Lloyd's chairman, and the three deputy chairman, including Mr Davison. It was at this stage that the divisions emerged between Mr Davison and the other members of the administration – known as the "O Group."

In his letter Mr Davison said that the preparation of the corporation's evidence for this inquiry "has revealed divergent opinions about the continuing need for the chief executive to be independent and responsible to the council." Essentially, there seemed to be considerable argument about whether the "O Group" should have more say in the running of Lloyd's and what role the chief executive should play in the future structure.

Mr Davison's move poses a serious regulatory problem for the Bank of England. It is believed that officials inside the central bank are still anxious that an outsider should be chief executive of the Lloyd's insurance market. But within Lloyd's there has been open hostility among some sections of the community to the presence of Mr Davison. Some members of the Lloyd's market feel that the administrative authorities, particularly an outside chief executive, should not interfere in market matters.

Relations between Mr Davison and Mr Peter Miller, Lloyd's chairman, have been described by members of the market as "fiery." Mr Miller said yesterday: "I express our gratitude for his (Mr Davison's) significant contribution to the reform of our regulatory machinery since his appointment in February 1983. A great deal has already been achieved; much still remains to be done, not least in improving the administrative structure of Lloyd's." He added that he was sure "the council remain committed to the concept of an effective chief executive."

Mr Davison said that be proposed to leave his employment at Lloyd's in May of next year. But within the market there was speculation that he might leave earlier.

Thatcher highly optimistic over UK economic outlook

BY PETER RIDDELL IN LONDON

MRS MARGARET THATCHER last night presented a highly optimistic view of Britain's economic outlook in foreshadowing her Government's autumn economic statement this afternoon.

The UK Prime Minister told the annual Lord Mayor's banquet in London that today's statement would "confirm the prospects for lower inflation and the continued growth of output. We are now in our fifth successive year of growth and look forward to a sixth."

She also said that Mr Nigel Lawson, the Chancellor of the Exchequer, would be predicting "further high investment in buildings, plant and machinery – already at record levels. This is part of a process of renewal which is spreading throughout the country."

Mrs Thatcher also continued the Conservative Government's recent change in public statements about state investment. She described current programmes for road building, railway electrification, new power stations, the improving the weter supply and hospital construction as "colossal".

Treasury ministers are expected to argue that some of the proceeds from the sharply accelerated programme of state asset sales to be announced today will be used to finance higher capital investment. But most of the money will be used to offset higher than planned current spending in order to keep total public expenditure within the existing published target for next year and hence to provide scope for tax cuts next spring.

Mrs Thatcher made only a passing jocular reference to Friday's critical speech by Lord Stockton, the former Conservative Prime Minister, Mr Harold Macmillan. Noting complaints by diarist Samuel Pepys 300 years ago about the absence of knives and plates at a Lord Mayor's banquet, she wondered "if someone had sold off the family silver," repeating the phrase used by Lord Stockton to decry the Government's privatisation programme.

Mrs Thatcher devoted a sizable section of her speech to foreign affairs. She warned in particular against having unrealistic expectations about the forthcoming Geneva summit between President Ronald Reagan and Mr Mikhail Gorbachev. "It is not going to resolve in a trice the deep and dividing differences between the free West and the Soviet Communist system."

She warned against judging the meeting solely in terms of whether specific agreements can be reached to reduce nuclear arms. She said that the US Strategic Defence Initiative was not an obstacle to a successful outcome but said it was important that the results of research on both sides should be handled in accordance with treaty obligations.

Mrs Thatcher said she hoped that the meeting would establish a better base for confidence, would give an impetus to negotiations on substantial reductions in nuclear weapons and would strengthen existing arms control agreements.

She also reiterated her opposition to economic sanctions against South Africa, which, she said, would not work but would only be a blow to companies and people who were in the forefront of efforts to end apartheid by giving black Africans more jobs and greater opportunities.

UK retail sales down, Page 14

Thais open new talks on bus contract

By Chris Sherwell in Singapore

A BRITISH consortium led by Leyland Bus has suffered another blow in its battle to secure a highly prized bus supply and services contract in Thailand.

The Bangkok Mass Transit Authority (BMTA), with which the British consortium in May successfully negotiated a £385m ($543m) deal to revamp the Thai capital's bus system, has decided to open talks next week with Motor & Leasing of Singapore, the UK team's nearest competitor when tenders were first submitted. The Singapore group's proposal envisages participation by West German, South Korean and US companies.

The switch follows the sudden Thai Cabinet decision last month not to proceed with the British project because the heavy expense might strain the country's finances.

The UK consortium, which also includes the National Bus Company and MVA Consultants, is furious at the latest move because it has received no official response to a revised bid submitted on October 21, just six days after the Thai Cabinet decision.

Since negotiations on the British offer have technically not ended, a formal complaint is now likely to be lodged with the Thai Government. Other representations have already been made over the past three weeks by both the Leyland consortium and the British Government urging Samak Sundaravej, the Thai Communications Minister, to submit the revised offer to the Cabinet.

By yesterday this had not happened, and the implication of the latest move, according to one official, is that the BMTA appears to be acting without the Thai Cabinet's endorsement. Some believe the Thai Cabinet has even ruled out the Motor & Leasing proposal, which is valued at $230m, less than half the full Leyland plan.

The Leyland consortium's revised offer is worth £94m, and is for a project about one-quarter the size of the plan already approved by the Thais on its technical merits. It carries an option to complete the whole deal later and, significantly, comes with the original British aid offer of £20m still intact.

The Motor & Leasing proposal, as first submitted, calls on Daewoo of South Korea to supply bus chassis with engines made under licence from MAN of West Germany. These would be fitted to bus bodies made by a Bangkok company. Up to 3,750 buses are thought to be involved, along with the overhaul of 1,500 others.

Financing for the deal is being put together from a surprising source: Northrop, the US aircraft manufacturer. It is likely to involve a substantial element of counter-trade.

The original Leyland proposal would have supplied the BMTA with 4,000 buses and involved the construction of 20 depots and reorganisation of the agency's management structure. The deal also provided for the immediate repayment of the BMTA's enormous debts.

Columbia Gas agrees a deal on prices with its suppliers

BY WILLIAM HALL IN NEW YORK

COLUMBIA GAS SYSTEM, one of tha largest US natural gas pipeline companies, announced yesterday that it had reached agreement with four of its major suppliers which would "substantially reduce" the company's gas purchase costs.

Columbia, which committed itself to buying about 40 per cent of its gas supplies at fixed prices shortly before the gas price collapsed in the US, has been struggling for months to renegotiate its expensive gas supply contracts. The group yesterday reported a third-quarter loss of $16m and sharply increased its forecast loss for the year from an earlier estimate of between $60m and $80m.

The group says thet its 1985 loss could exceed $100m, which it blames on lower-than-expected sales and delays in cutting the cost of its gas purchases.

Several of the group's major customers had charged that the company was paying too much for its gas and the company had to make a $207m after-tax provision to cover the cost of settling this dispute.

Columbia has offered to pay $800m to its suppliers in exchange for major modifications of its gas purchase contracts. Yesterday, the group said it had reached agreement with four producing companies: Amoco Production, Chevron USA, Shell Offshore and TXO Production.

The agreements cover more than 75 per cent of the South-West and Rocky Mountain gas that Columbia had contracted to purchase and the group says that negotiations are continuing with suppliers of the remaining 25 per cent of the gas. Columbia has been able to cut its gas purchase costs by about 25 per cent

The scale of Columbia's problems in the gas market is underlined by the sharp drop in gas prices over the past two years. From a peak of about $3.50 in the summer of 1984 "spot" gas prices have fallen to about $2.20 per 1,000 cu ft.

The collapse in gas prices has been exacerbated by the deregulation of the US natural gas which has led to a sharp increase in the amount of gas which is bought on the "spot" market as opposed to long-term supply contracts. Analysts estimate that more than 25 per cent of the US gas market of more than 17 trillions (Million million) cu ft a year is now accounted for by "spot" purchases.

Columbia gas shares, which had risen sharply last week on rumours that it was close to a settlement of its long-running dispute with the gas producers, fell by $¾ to $38¾

World Weather

		°C	°F			°C	°F			°C	°F			°C	°F
Ajaccio	S	21	70	Dubrovnik	F	20	68	Malaga	F	21	70	Salzburg	C	3	37
Akrotiri	C	21	70	Faro	F	21	70	Malta	S	23	73	Seoul	Sn	1	34
Algiers	R	27	81	Florence	F	22	72	Manila	S	33	91	Singapore	F	29	84
Amsterdam	R	2	36	Frankfurt	F	4	39	Miami	C	27	81	Stockholm	Sn	0	32
Athens	S	19	66	Funchal	R	18	64	Milan	S	14	57	Strasbourg	F	6	43
Bahrain	S	31	88	Geneva	S	7	45	Moscow	R	4	39	Sydney	F	22	72
Bangkok	R	32	90	Gibraltar	F	21	70	Munich	S	3	37	Taipei	C	21	70
Barcelona	F	16	61	Guernsey	F	8	46	Nairobi	F	20	68	Tangier	F	27	81
Beirut	C	23	73	Helsinki	F	4	39	Naples	S	23	73	Tehran	—	—	—
Belgrade	C	6	43	H. Kong	C	25	77	New Delhi	S	25	77	Tel Aviv	F	19	66
Berlin	R	-3	27	Innsbruck	F	6	43	New York	S	23	73	Tenerife	C	25	77
Biarritz	C	9	48	Inverness	F	2	36	Nice	S	19	66	Tokyo	S	18	64
Blackpool	F	6	43	Istanbul	S	14	57	Oporto	S	14	57	Toronto	Sn	3	37
Bordeaux	R	8	46	Jersey	F	8	46	Oslo	Sl	5	41	Tunis	S	26	79
Brussels	S	6	43	Jo'burg	F	19	66	Paris	C	6	43	Valencia	F	19	66
Budapest	C	5	41	Las Palmas	F	25	77	Prague	R	3	37	Venice	C	11	52
B. Aires	R	24	75	Lima	F	21	70	Reykjavik	C	3	37	Vienna	R	6	43
Cairo	C	28	82	Lisbon	T	15	59	Rio de J'o	S	31	88	Warsaw	C	4	39
Cape Town	S	25	77	Locarno	S	15	59	Rome	C	21	70	Zurich	S	4	39
Caracas	C	28	82	London	S	6	43								
Casablanca	F	26	79	Los Angeles	C	17	63								
Copenhagen	F	6	43	Luxembourg	Sn	1	34								
Corfu	F	20	68	Madrid	F	16	61								
Dublin	S	6	43	Majorca	F	20	68								

Readings at mid-day yesterday.

C–Cloudy D–Drizzle F–Fair Fg–Fog R–Rain S–Sun Sl–Sleet Sn–Snow T–Thunder

Falck seeks L600bn

Continued from Page 1

ing a tough line, proclaiming itself "sceptical" about the difficult negotiations.

The Festo san Giovanni works represents about 60 per cent of total Falck production of more than 1m tonnes a year. It is viewed as obsolete by Italian Government officials, but Falck claimed yesterday that the works, built in the 1950s had been renovated only five years ago.

The L600bn which Falck is seeking in compensation would take the form of L450bn from the Treasury and L150bn from Finsider. It now seems that the negotiations will centre upon both the amount to be paid – the Government appears to favour a figure of around L500bn – and the issue of whether Finsider will be willing to hand over its steel plate plant at Genoa to Falck.

Falck lost L100bn on total turnover of L781bn last year, but showed only a L2bn loss after taking into consideration investment income. Finsider lost L1,527bn in 1984, following a loss of L2,095bn in 1983. Finsider had been hoping to reduce the loss to L628bn this year and return to profit next year, but because of difficult market conditions its loss this year is likely to be around L800bn and the return to profitability delayed until 1987.

FINANCIAL TIMES
Tuesday November 12 1985

Swiss watch group wields axe at Omega as profits recover

BY WILLIAM DULLFORCE IN BIENNE

SMH (Société Suisse de Microélectronique et d'Horlogerie), the Swiss watchmaking group, is applying deep surgery to its Omega subsidiary, in order to erase the most conspicuous remaining blemish on its two-year profit recovery.

Measures being applied include sharp reductions in the product range and staff, new technology in both production and products, a thorough shake-up of the marketing side and a more consistent price policy. The aim is to retain Omega's quality image.

Mr Pierre Arnold, the group managing director, said yesterday that consolidated net earnings should reach SFr 86m ($40m) this year. This would mean an increase of SFr 60m over 1984 when the group returned to profit after its formation by merger.

The fusion of Asuag and SSIH, Switzerland's two largest watch companies, was completed in 1983 after a consortium of Swiss banks had taken control at a time of crisis for the industry.

The renamed SMH returned to private hands in August this year when a group of investors led by Mr Nicolas Hayek bought a majority stake.

The group yesterday forecast cash flow of around SFr 144m for 1985 compared with SFr 87m last year and a 15 per cent growth in sales to SFr 1.8bn. At the nine-month stage cash flow of SFr 105m and net earnings of SFr 62m had been achieved.

The 1985 profit forecast includes an allowance for losses of SFr 10m-SFr 15m on the Omega subsidiary. The restructuring work already started will push these losses considerably higher, probably to around SFr 40m.

Mr Arnold said the board would decide later whether they should be charged against 1985 earnings or covered from SMH's still substantial latent reserves. It had been decided to "clean up" Omega as quickly as possible.

Mr Ernst Thomke, managing director of SMH's watch division and the man responsible for launching the Swatch, the highly successful cheap plastic watch which has spearheaded the group's recovery, has been given personal responsibility for reshaping Omega.

He gave a caustic description yesterday of the "management by wishful thinking" which has produced several years of losses, when outlining a programme designed to return Omega to break-even point before 1987.

The large number of models carrying the Omega name will be halved this year and reduced still further in 1986. New technology is being introduced of the kind used in the Swatch, in which components are fastened directly into a one-piece watch case. Mr Thomke calculates that he can halve Omega's production costs in one step by switching from the traditional models.

New marketing staff is being recruited to operate a decentralised sales organisation, which will adopt very different promotion techniques

Hapag-Lloyd's chairman remains cautious about expansion. **Andrew Fisher reports**

Shipping group that weathered the storm

"YOU DON'T find me in an expansionist mood," said Mr Hans Jakob Kruse, the 58-year-old chairman of Hapag-Lloyd, as he considered the course for the West German shipping company's continued recovery.

The losses from over-expansion in tankers, freight forwarding and airlines which pushed it to the financial brink in 1982 are things of the past.

"I'm not too mad about investing in 1986. We really don't have any holes where we will sink money," the chairman said.

When the company looked like going under late in 1982, the tanker and bulk carrier activities in its Kosmos subsidiary were among the first to be shed. They had been making operating losses of more than DM 50m ($19.1m) a year.

The airline, now in profit, also went through a rough time and was slimmed down. Hapag-Lloyd has also reduced its Pracht freight forwarding side. The group still occupies its imposing Hamburg headquarters but raised around DM 110m in a sale and leaseback deal.

The 1984 group profit of DM 76m followed two years of severe losses: DM 150m in 1983 and DM 68m the year before. This year, profits are likely to be flat at best, "but 1986 and 1987 will be difficult."

Hapag-Lloyd made a bold move recently by deciding to pull out of the Pacific, the world's busiest container route, at the end of 1985. With five chartered ships, it found the ocean too choppy at a time of fading trade growth and rate-cutting caused by over-capacity.

Nearly 70 per cent of the group's revenues come from its liner services on container routes. Freight rates have fallen by between 20 and 30 per cent this year, and he estimated they would fall by another 10 per cent in 1986.

"I should like to see liners providing only half of our revenues, but this will be a long drawn out process," he said. Hapag-Lloyd has 25 liner vessels for containerised cargoes and has just spent DM 50m enlarging four of them.

The Pacific is the only region where Hapag-Lloyd runs a cross-trade liner service, not involving calls at a home port. Its main strength is on routes to the Far East and across the Atlantic. Total liner profits were about DM 60m in 1984 but could start to ease.

After the past few harrowing years, Mr Kruse thought that Hapag-Lloyd was in good shape to survive the harsh times ahead in liner shipping, a sector which has seen a spate of new vessel orders, notably from Evergreen of Taiwan and United States Lines.


Mr Hans Jakob Kruse

Owned nearly 80 per cent by Deutsche Bank and Dresdner Bank, the group has reduced staff and costs sharply. Munich Reinsurance/Allianz cut its stake from 25 to 10 per cent. Shareholders injected more than DM 300m to keep the group afloat.

In the four years to end-1984, the group cut employment from around 12,000 to 7,000 people. Costs have also fallen sharply as Hapag-Lloyd has streamlined its operations.

HAPAG-LLOYD'S CHANGING FORTUNES

(DM m)	1984	1983	1982	1981	1980
Turnover	4,210	3,900	4,330	4,360	3,430
Net profit (loss)	76	(150)	(68)	13	(32)
Cash flow	292	79	116	247	140

"We're a reasonably cheap operator, as low cost as our competitors."

It will be another two years before the group has to think about renewing its container shipping fleet. "Timing will be all-important, so as not to miss out when ship prices start to go up and shipbuilders start quoting commercial prices again," said Mr Kruse.

Hapag-Lloyd has a cautious depreciation policy compared with some competitors; the book value of its fleet of container and other ships (DM 448m on December 31 1984) is around a quarter of cost. Group depreciation on all assets was DM 171m against DM 283m in 1983.

With cash of over DM 500m, Hapag-Lloyd could clearly start spending again, if it wished. But, said Mr Kruse, "we have no plans to invest any of it – at least, not in ships."

He indicated that the group might later invest more in tourism. This year's total investment will be about DM 170m after last year's DM 260m and mainly cover the ship conversions and new containers. Next year's should be even lower.

Hapag-Lloyd is well represented in tourism through its airline, carrying 2m people a year on holiday charter flights and likely to earn DM 20m in 1985, and its Europa cruise ship, catering chiefly to what Mr Kruse termed a "Teutonic, narrow market."

The Europa runs at over 80 per cent occupancy. "Bookings are satisfactory," the chairman said. She earns nearly DM 10m a year. There is also a travel agency.

But the turbulent liner shipping markets still dominate Hapag-Lloyd's fortunes, and its immediate course is likely to be steady and unexciting. Mr Kruse hopes for more rationalisation of services between liner companies. Cargo shippers now get, he commented ruefully, "a first-class service at Woolworth rates."

Norcem may win control of Aker

By Fay Gjester in Oslo

NORCEM, the Norwegian industrial group which has strongly expanded its offshore-related activity over the past couple of years, is set to become the largest shareholder in Norway's Aker fabricating group – possibly with a majority stake.

In a deal worth NKr 665m ($84m), Mr Fred Olsen, the shipowner, has agreed to sell most of his 34 per cent stake in Aker to Norcem, which already owns 25 per cent of the company and has long been keen to secure a controlling interest. The sale is to be completed by the end of this year.

Mr Olsen, whose family has been linked with Aker for three generations, is prepared to part with 6.65m shares – 29.8 per cent of the total – at a price of NKr 100 a share. This compares with a market price of NKr 74.50 before Norcem and Mr Olsen revealed their agreement, late last week. On Monday Aker shares were traded at NKr 86.

Aker was refinanced early last year and fresh capital was injected by Norcem and the Swedish industrial group Asea. This gave Asea a 20 per cent shareholding, compared with Norcem's 25 per cent, as well as first option to buy a proportional stake of the Olsen group shares if these should come up for sale.

Norcem will now start talks with Asea to try to persuade the Swedish company not to exercise its options. Norcem would like to acquire all 8.85m shares, thereby boosting its stake in Aker to 54.8 per cent. If Asea takes the shares to which it has an option, its holding will rise from 20 per cent to 33.2 per cent and Norcem's from 25 per cent to 41.6

Norcem will probably have to sell other shareholdings to help to finance the Aker purchase. Its total shareholdings in other Norwegian companies, excluding Aker, are valued at about NKr 600m

Clark to cut payout after $73.1m charge

BY TERRY DODSWORTH IN NEW YORK

CLARK EQUIPMENT, the US construction equipment and automotive components company, is planning to cut its dividend in the first quarter of 1986 after taking a $73.1m charge in the third quarter of this year.

The special provision was chiefly attributable to reorganisation costs and a write-down of $12m on VME, the group's joint manufacturing project with Volvo of Sweden. After an operating deficit of $7.2m in the quarter, final losses amounted to $80.3m, compared with net profits of $4.7m, or 30 cents a share, in 1984. Sales reached $230m against $220m.

In the first nine months of the year, net losses amounted to $69.8m, against earnings of $21m, or $1.34 a share, in the same period of last year while operating profits totalled $3.3m, or 21 cents. Sales rose to $708m compared with $653m.

Cutting the dividend will save Clark $4.37m a quarter, or $17.5m in a full year. Mr James Rinehart, chairman and chief executive, said he would recommend as an added insurance that dividends be discontinued in the first quarter of 1986.

The company may have to take a further charge of $19m if it has to close down its Battle Creek site, where it makes the shafts which carry the forks on fork lift trucks.

Theme parks lift Disney profits

BY PAUL TAYLOR IN NEW YORK

WALT DISNEY Productions, the West Coast US entertainment group, yesterday reported sharply higher fiscal fourth-quarter and full-year revenues and net earnings, continuing the earnings recovery led by the strong performance of the group's Disneyland and Disneyworld theme parks.

Fiscal fourth-quarter net earnings increased to a record $53.8m, or $1.60 a share, compared with a $64m, or $1.89, net loss in the year-ago quarter after a $166m pre-tax charge. Revenues increased by 27 per cent to $590.5m from $463.2m.

For the fiscal full year ending September 30 Disney reported a 77 per cent increase in net earnings to $173.5m, or $5.15 a share, from $97.8m, or $2.73, in the year-ago period after the charges and accounting changes. Group revenues grew by 22 per cent to $2bn from $1.66bn.

Before the unusual charges and accounting changes, Disney said comparable net income for last year was $107.8m, or $3.01, and the previous fourth-quarter income was $22.1m, or 65 cents a share.

Mr Michael Eisner, Disney chairman and chief executive, and Mr Frank Wells, president and chief operating officer, said the group's record performance in the quarter and the fiscal year was primarily because of a "significant improvement in theme park operations."

In addition they cited improved full-year results from the filmed entertainment division

Overall, operating income for the group climbed by 42 per cent to $123.3m from $86.8m in the quarter

Potlatch sets up share buy-back to block bid

BY WILLIAM HALL IN NEW YORK

POTLATCH, the San Francisco-based forest products group, yesterday announced plans to buy back up to a fifth of its shares in a bid to frustrate a hostile $693m takeover bid from First City Financial, a Canadian financial services group controlled by the Belzberg family.

Mr Richard Madden, Potlatch chairman, said his board had concluded that the interests of stockholders and other constituencies would be served best by the continued independence of the company. "In view of the prolonged depressed condition of the forest products industry and the substantial investment Potlatch has made in its future, now would be a poor time to sell the company," he added.

Last week Potlatch revealed that the Belzberg interests had offered to buy – for $45 a share cash. The shares rose by $⅜ to $42⅝ in early trading yesterday.

Descendants of the early founding families of Potlatch and long-time stockholders of predecessor companies own more than 40 per cent of the group's shares. Another 5 per cent is owned by the company's employee benefit plan.

Potlatch says its board has authorised the repurchase of approximately 3.1m shares, but the number purchased will depend on various factors including the price and the activities of First City. The purpose of the proposed share buy-back is to frustrate First City's bid for control of the company and enable those shareholders who want to sell to dispose of their shares.

The company intends to press ahead with its plans to introduce a time-phased voting amendment that will provide shareholders with four votes a share. After December 12, the date of the special meeting, new shareholders will be entitled to only one vote a share

The aim of the amendment is to give long-term shareholders a bigger say in the company's affairs.

Control Data agrees disposal

BY OUR NEW YORK STAFF

CONTROL DATA, the troubled US computer and computer products group, has agreed to sell most of its business products to Xidex, a California-based data storage products manufacturer, for between $55m and $75m.

The sale was foreshadowed two weeks ago when Control Data reported a $255.6m third-quarter loss including a $153.8m special restructuring charge – almost half related to plans to sell or close the business products division which manufactures computer storage materials such as disk-packs, tapes and floppy disks.

The business products division, part of Control Data's loss-making peripheral products group, has been unprofitable, and its sale represents part of Control Data's efforts to streamline operations and refocus its activities

Control Data said the precise terms of the sale would be based on a formula which included the book value of assets and inventories but which excluded account receivables.

Sweden launches bulldog tender issue

BY MAGGIE URRY IN LONDON

SWEDEN brought the idea of a tender issue to the long-dated bulldog market yesterday with a £100m issue, maturing in 2014. The purpose is to eliminate the oversubscription which has occurred with other bulldog issues and caused frustration among larger investors who have been allocated only a small number of bonds.

The issue will be given a minimum price on Wednesday afternoon to give a yield 75 basis points above the gilt-edged stock Treasury 13½ per cent 2004-08. Then applicants will tender for the bonds on Thursday morning, applying at prices at or above the minimum.

Lead manager Morgan Grenfell will then set an allotment price at which all the bonds will be sold. Those who bid at a higher price will get all the bonds they asked for at the allotment price while investors bidding at the allotment price may have their applications scaled down.

Sweden could have priced a bulldog issue sold in the usual way at a slightly finer margin than 75 basis points. However, if the tender goes well, and the allotment price is set higher, Sweden might end up with a cheaper borrowing cost.

The issue will be in partly paid form with £30m due on application and the balance not until April 30 1986. The first coupon will be paid on September 15 next year.

Also in the sterling market, Morgan Guaranty launched a £50m seven-year Eurosterling deal for Amev, the Dutch insurance company. This has a nil per cent coupon and 100¼ issue price. The coupon should attract attention, and the name is well-known to investors. The issue was launched late in the day and was seen trading just within the 1⅞ per cent fees.

Two borrowers tapped the Eurodollar market yesterday, though both were pure financings with no swaps attached. Betawest Properties launched a $200m seven-year deal guaranteed by US West Investments, owned by the US West regional telephone company. The borrower's debt is rated AA3/AA, though the name is unfamiliar to many Eurobond investors.

Salomon Brothers, the lead manager, took account of that by pricing the bonds to yield a healthy 68 basis points over the US Treasury yield curve, with a 10¼ per cent coupon and 100¼ issue price and fees of 1⅞ per cent. Even so, the bonds were trading around the fees.

Mount Isa Finance, part of the Australian mining and minerals group, is better known, and its $100m deal was making faster progress. The 10-year issue has an 11 per cent coupon and par issue price and with commissions at 2 per cent, the borrower's cost is 122 basis points above US Treasury yields. The bonds were trading around 98¼.

The markets were quiet yesterday, influenced by the closure of the US government bond market for Veterans' Day and public holidays in several European countries.

In the D-Mark sector Westdeutsche Landesbank announced a DM 200m private placement for Belgium with a seven-year life and a 6⅝ per cent coupon and par issue price. The issue was not trading actively though traders quoted the bonds bid outside the 1⅝ per cent fees.

In the Swiss franc foreign bond market Crédit Suisse launched the largest convertible deal yet, a SFr 350m private placement for Sumitomo Realty and Development. The bonds mature in March 1991 and will pay a 2 per cent coupon. Issue price is par.

Mo Och Domsjo, the Swedish paper company, is raising SFr 100m through a six-year private placement also led by Crédit Suisse. The coupon was set at 5½ per cent and issue price at par.

Chrysler $1bn deal favours tender panel

BY PETER MONTAGNON, EUROMARKETS CORRESPONDENT, IN LONDON

CHRYSLER FINANCIAL Corporation, a unit of the US car maker, is arranging a $1bn loan facility in the Euromarkets to help refinance part of a $2.6bn credit arranged earlier this year.

The three-year facility, mandated to BankAmerica Capital Markets, carries an innovative facility fee structure designed to encourage Chrysler to use the tender panel which is being set up to handle short-term note sales in conjunction with the facility.

The annual facility fee will be 10 basis points in respect of amounts which are actually sold through the tender panel, but 15 basis points on the balance.

For example, Chrysler will pay a 15-point facility fee if it fails to draw on the facility at all or if it draws on the standby credit attached to the deal. It will also pay a 15-point fee if it sells notes directly to the market without using the tender panel.

The funds are to be used to refinance part of a $2.6bn credit arranged at the time of its recent purchase of Finance America, a consumer finance company, from Bank of America. That loan carries a margin of ⅜ per cent over London Interbank Offered Rates (Libor)

The new standby credit will carry a margin of 15 basis points on drawings of up to $500m and 30 points on higher amounts.

Meanwhile, the flow of Eurocommercial paper issues continues with a programme announced yesterday of up to $7m for English China Clays. Chase Manhattan, J. Henry Schroder Wagg and Swiss Bank Corporation are to act as dealers. Avon Products of the US also plans to offer Eurocommercial paper through Morgan Stanley and Shearson Lehman Brothers International.

The company will incorporate this into its existing domestic commercial paper programme, gaining the flexibility to issue paper in whichever market proves the most competitive.

SAFIM, which finances Italy's manufacturing industry, has launched a £75m multi-option facility through S.G. Warburg. This is an eight-year deal carrying underwriting fees of 7½ basis points for the first five years rising thereafter to 10 points and provides for the issue of bankers acceptances in sterling or Euronotes in dollars and Ecus.

Bonds service, Page 27

INTL. COMPANIES & FINANCE

Chris Sherwell and Wong Sulong report from Kuala Lumpur on the latest diversification of a Malaysian Chinese businessman

Tan Koon Swan moves into politics

MALAYSIA'S volatila corporate sector is about to see another of its prodigies catapulted into political prominence, less than 18 months after one well-known local entrepreneur, Mr Daim Zainuddin, was suddenly appointed Finance Minister.

The focus of attention tbis time is Mr Tan Koon Swan, a close associate of Mr Daim. Mr Tan seems assured of victory in the protracted leadership battle in the Malaysian Chinese Association (MCA), the country's principal Chinese party.

This will put him in line for a major cabinet position in Malaysia's coalition government, either immediately before or after the next general election, expected next year. Mr Tan's business interests will in turn have to take a back seat, a change which will affect dozens of companies.

He is best known for his activities with the wide-ranging Multi-Purpose Holdings, the MCA's massive investment arm, and with a corporate complex covering such listed companies as Grand United Holdings, Supreme Corporation, Everpeace Corporation, and Sigma Metal.

Mr Tan is also someone wbo moves fast—so quickly, some say, that even his bankers and outside analysts have trouble keeping np with him, not to mention bis sbareholders.

His rise to fame and fortune is hy no means unique in Sonth East Asia. Tbe son of a hawker from Hainan, he discovered high finance by working as a tax assessor.

In the 1970s, while still in his tbirties, Mr Tan helped Tan Sri Lim Goh Tong, the holder of a casino francbise, to build up Genting, one of Malaysia's most successful businesses.

Invitation to manage

He himself bad by then purcbased a dying tin company from its British owners, renamed it Supreme Corporation and, during the share boom of 1979-81 transformed it into a major force.

Tben came the invitation to manage Multi-Purpose. The company was created by the MCA in 1979, partly to ensure a steady source of financial support for the party and partly to balance the growing power of government agencies in tbe private sector.

With an initial capital of 30m ringgit ($12.4m) Multi-Purpose went on a buying spree, tapping the savings of tbousands of small-time Chinesa traders and farmers.

It bougbt land for property development and two major companies, Dunlop Estates and Guthrie Trading. It also moved into banking and shipping. For the year to December 1984, turnover rose to 640m ringgit and shareboldera' funda shot op to more than 1bn ringgit.

But Multi-Purpose, Mr Tan admits, has performed disappointingly over the past two years, and he acknowledges that mistakes have been made.

"We got into aome unprofitable activities," he says. "We have also consolldated loss-making companies rather than profitmaking ones. We have 100 per cent of our ahipping company and of the old Guthrie trading activities, and both sectors are doing hadly. Yet we have only 41 per cent of Bandar Raya, the property company, and 38 per cent of Magnum Corporation (which runs a popular lottery). The positian should be reversed."

Mr Tan is still managing director of Multi-Purpose, but says his job there has been completed since be handed over the chairmanship to Datuk Lee San Choon last year. It was Datuk Lee's still-unexplained departure from the number one position in the MCA which precipitated the leadership crisis in the party.

Mr Tan says he would have been happy to stay on as a non-political vice-president of the MCA under Datuk Lee's nominated successor, Dr Neo Yee Pan. But, after accusations were traded over alleged rigging of planned party elections, Mr Tan ended up having to fight a long and financially costly battle, and looks like securing the leadership.

In the intervening period he has moved to restructure his own companies, partly out of a need for rationalisation but principally to protect them from outside predators. "I may soon be in politics," he says. "That means I'll be in the business wilderness. To be fair, I must make things safe."

Mr Tan is vague about his restructuring plans, but his associates say he could eventually create two small bolding companies which in turn will control Grand United Holdings and Supreme Corporation in which he is now the aingle biggest sharebolder.

Mr Tan, a close associate of Mr Daim Zainnudin, Malaysia's Finance Minister, seems assured of victory in the battle for the leadership of the Malaysian Chinese Association. This will put him in line for a major cabinet position in the coalition government next year. His wide-ranging business interests will have to take a back seat, a change which will affect dozens of companies

One of these bolding companies is Everpeace, formerly Supreme Plantation Industries. This was an associate of Supreme, Mr Tan's original buslness vebicle, but in September it was juggled around to take 19.9 per cent of Grand United while remaining a Supreme affiliate.

The other bolding company is widely expected to be Pacific Chemicals, whieb was acquired last month from Dow Chemical of the US, which had beld a 51 per cent stake.

Grand United itself, once known as Textile Corporation, is the result of a merger between Textile and Supreme. Supreme with interests in housing and finance, remains a major element of the Tan Koon Swan group. But Grand United is now the principal focus.

Mr Tan has meanwhile ventured to Singapore, where Grand United has a large stake in Sigma Metal. This in turn has a stake in Pan Electric Industries, one of the island state's most actively traded stocks this year. It is not obvious at this stage where this interest will ultimately lead.

Of his corporate moves, Mr Tan is open: "I wanted a mini Multi-Purpose," he says. "But events now seem to have overtaken me. The Grand United group will have to take a lower profile for the next few years."

Changing strategies

This is plainly disappointing. As Mr Tan points out, Grand United baa managed to become a conglomerate during a recession. His associates say he "missed a boom" by being at Multi-Purpose and his group suffered as a result.

On the other hand, he says, Malaysian companies now have to start changing their operating atrategies. "The arena in which you can play an active role is becoming smaller," he aays, pointing to the fewer opportunities in the plantation and property sectors. Hope now lies in the financial services and leisure sectors, he hints.

A bigger problem ia the general declina in business activity aince 1981. This, says Mr Tan, bas greatly dampened businessmen'a spirits. In bis view, part of the difficulty is that people are not thinking longer term, especially within the Chinese community. That is ona raason why he is moving into politics.

"I am Chinese, but I am a Malaysian," he says. "I want to show people by example why they should think further ahead than tha next year or two." He plans to adapt his business techniques to policy, and has his eye on education and Chinese "new villages" which he thinks could be run on a sounder business basis.

If the experience of Mr Daim is anything to go by, a second businessman in the Cabinet could easily influence broader policies too. Certainly Malaysia's political and corporata life will be no less interesting once the mercurial Mr Tan diversifies still further.

INTERNATIONAL COMPANIES AND FINANCE

General business keeps Munich Re ahead for 1985

MÜNCHENER Rückversicherung (Munich Re), the world's largest reinsurance company, looks set to maintain an 18 per cent dividend this year – despite heavy claims arising from the Mexican earthquake disaster and other major catastrophes, writes Jonathan Carr in Munich.

Mr Horst Jannott, chief executive, said the Mexican disaster alone could cost the company a sum close to the DM 166m ($63m) being paid out because of the freak hail storm in the Munich area in 1984.

In addition Munich Re faced costs arising from the US hurricanes Elena and Gloria, from air disasters and from losses in the industrial fire and liability sectors, above all abroad.

Despite all that, which meant reinsurance business alone would stay heavily in the red, Munich Re again expected to make a large profit on its general business – mainly investment income. As a result the company would stay clearly in the black overall and looked set to hold the dividend, he said.

In the 1984–85 year (to June 30), company losses on reinsurance business alone rose to DM 445.9m from DM 431.3m before, on premium income up by 9.9 per cent to DM 11bn.

But profits from general business jumped to DM 609m from DM 509m, so that Munich Re was able to boost reserves by more than in the previous year – and turn in an overall net profit of DM 44.8m after DM 44.3m before.

Despite the increased reinsurance loss overall, Mr Jannott stressed that the company had sharply improved its results in the domestic market – which accounts for about half of premium income.

Had it not been for the costs arising from the Munich area hail storm – the second most expensive disaster in company history – Munich Re would have been in the black on its domestic business for the first time for years, Mr Jannott said.

The better results at home helped push overall reinsurance profits in the life sector to DM 98.2m from DM 78m, and in the accident division to DM 27.9m from DM 24.1m.

Moreover, the domestic industrial fire sector was in the black for the first time since 1977, thus helping compensate for heavy losses abroad. Overall, the loss on fire reinsurance fell to DM 132m from DM 288.7m.

The biggest single element of last year's reinsurance losses came in the liability sector, which plunged DM 271.6m into the red after a shortfall of DM 140m in 1983–84. This was caused above all by the serious difficulties on the US market

Mr Jannott stressed that Munich Re continued to follow a "highly selective" policy in the business it agreed to take on and was using its influence to try to obtain better, cost-covering premium conditions on the first or direct insurance market.

Mr Jannott noted that the relatively sharp increase in premium income of close to 10 per cent in 1984–85 had been due not least to the strength of the dollar.

FT INTERNATIONAL BOND SERVICE

The list shows the 200 latest international bond issues for which an adequate secondary market exists. The following are closing prices for November 11.

U.S. DOLLAR STRAIGHTS; OTHER STRAIGHTS; FLOATING RATE NOTES; DEUTSCHE MARK STRAIGHTS; CONVERTIBLE BONDS; SWISS FRANC STRAIGHTS: [illegible]

YEN STRAIGHTS	Issued	Bid	Offer	Change on day	Change on week	Yield
Finland Republic 8¼ 90	15	[illegible]	[illegible]	[illegible]	[illegible]	7.84
Gdyr Tr 0 Rubber 7⅛ 95	25	[illegible]	[illegible]	[illegible]	0	7.21
Mori Bk Denmark 7 92	10	[illegible]	[illegible]	[illegible]	[illegible]	7.21
New Brunswick 7⅛ 95	10	[illegible]	[illegible]	[illegible]	[illegible]	7.25
Swed Exp Cred Zero 90	14	71⅝	71⅞	[illegible]	[illegible]	7.08

Average price change On day − 0⅛ on week 0

Convertible bonds: Denominated in dollars unless otherwise indicated. Chg. day – Change on day. Cnv. date – First date for conversion into shares. Cnv. price – Nominal amount of bond per share expressed in currency of share at conversion rate fixed at issue. Prem – Percentage premium of the current effective price of acquiring shares via the bond over the most recent price of the shares.

SCA expands through SKr 415 takeover

BY KEVIN DONE IN STOCKHOLM

SVENSKA CELLULOSA (SCA), the Swedish forest products group, is expanding its forestry and hydroelectric power interests with the takeover of majority control of Svåno in a deal worth some SKr 415m ($52m).

SCA is already the largest private owner of forest land in western Europe with more than 1.7m hectares and is also one of Sweden's largest private suppliers of electric power.

The board of Svåno, a forestry and hydroelectric power company in northern Sweden, has recommended acceptance of the SCA offer to acquire 75 per cent of its equity and all convertible loan stock.

SCA is offering SKr 230m in cash together with 1.25m shares with a current market value of around SKr 185m.

Svåno owns 125,000 hectares of productive forests and three hydroelectric power stations with an annual output of around 180m kw/h.

Jungbunzlauer plans Sch 50m rights issue

By Patrick Blum in Vienna

JUNGBUNZLAUER, the Austrian biotechnology group which recently offered the first international share issue by an Austrian company, is to make a Sch 50m ($2.7m) rights issue to double its nominal capital to Sch 100m early next year.

The shares would be priced at par, and the rights issue would run from February 17 to March 14, a spokesman for Montana AG, a diversified holding company which owns a majority shareholding in the company, said.

In September Jungbunzlauer sold over 40 per cent or Sch 21.1m worth of nominal shares in London, Vienna and Geneva. Originally it had been planned to sell only 30 per cent or Sch 15m worth of nominal share capital, but strong demand in Vienna and London encouraged the company to sell more shares.

The company had a turnover of Sch 704m last year and distributed profits of Sch 70m, equivalent to a 140 per cent dividend. It expects to increase turnover by at least 20 per cent and show higher profits in 1985.

The new shares will be entitled to a dividend from January 1985 on the basis of the new higher capital. The rights issue will help to finance the company's ambitious investment plans which include considerably increasing its production of citric acid in which it is already a world leader.

North American quarterly results

BENEFICIAL CORPORATION
Diversified financial services

Third quarter	1985 $	1984 $
Revenue	493.1m	406.5m
Op. net profits	26.0m	24.3m
Op. net per share	0.99	0.91
Nine months		
Revenue	1.61bn	1.39bn
Op. net profits	75.1m	66.1m
Op. net per share	2.83	2.48

CNA FINANCIAL
Property/casualty/life insurance

Third quarter	1985 $	1984 $
Revenue	1.16bn	968.9m
Op. net profits	47.7m	26.8m
Op. net per share	0.78	0.47
Nine months		
Revenue	3.30bn	2.74bn
Op. net profits	122.4m	73.9m
Op. net per share	2.08	1.29

COLONIAL PENN GROUP
Property and life insurance

Third quarter	1985 $	1984 $
Revenue	388.5m	318.0m
Net profits	14.3m	14.4m
Net per share	0.88	0.89
Nine months		
Revenue	1.02bn	946.9m
Net profits	40.6m	38.8m
Net per share	2.50	2.40

M/A – COM
Telecommunications and information processing equipment

Fourth quarter	1984-85 $	1983-84 $
Revenue	227.7m	214.0m
Op. net profits	10.9m	13.0m
Op. net per share	0.25	0.30
Year		
Revenue	844.1m	764.4m
Op. net profits	41.7m	38.8m
Op. net per share	0.97	0.91

GEORGE WESTON
Grocery stores, bakery products

Third quarter	1985 C$	1984 C$
Revenue	2.63bn	2.46bn
Op. net profits	30.8m	31.0m
Op. net per share	2.45	2.18

DAIWA EUROPE LIMITED
JAPANESE EQUITY WARRANTS SERVICE

The Daiwa Warrant Index: 1,769.17 (1000=2 Jan 1985) Dollar warrant market value $1,067,530,000

ISSUER—Warrant expiry date	Wrnt BID (%)	Wrnt OFFER (%)	Share Price (Yen)	Premium (%)	Gearing	Premium-Gearing Ratio
AICA KOGYO 17/8/90	20 50	22 00	765	15 30	[illegible]	[illegible]
CASIO COMPUTERS 8/3/89	52 50	54 00	1,740	5 08	[illegible]	[illegible]
C. ITOH (NEW) 4/5/89	35 50	37 00	420	8 04	[illegible]	[illegible]
C. ITOH (OLD) 20/1/87	55 00	59 00	420	24 54	[illegible]	[illegible]
DOWA MINING 20/7/90	10 00	11 50	577	46 83	[illegible]	[illegible]
FUJIKURA CABLE 28/4/89	18 00	19 50	345	32 08	[illegible]	[illegible]
HAZAMA GUMI 1/11/89	10 00	11 50	350	47 11	[illegible]	[illegible]
JAPAN SYN. RUBBER 28/4/89	13 00	14 50	350	43 56	[illegible]	[illegible]
JUSCO 22/12/88	87 00	92 00	941	9 68	[illegible]	[illegible]
KAYABA INDUSTRIES 15/2/89	18 00	19 50	288	12 66	[illegible]	[illegible]
KOKUSAI KOGYO 19/9/90	18 00	19 50	1,860	20 40	[illegible]	[illegible]
KOMORI PRINTING 20/12/89	30 00	31 50	2,100	19 52	[illegible]	[illegible]
MARUBENI 30/9/92	16 00	17 50	250	[illegible]	[illegible]	[illegible]
MARUZEN 12/2/90	18 00	19 50	532	15 32	[illegible]	[illegible]
MINEBEA 20/2/89	63 00	67 00	755	58 81	1 69	[illegible]
MIT. CHEMICAL 20/1/87	95 00	99 00	502	[illegible]	1 74	[illegible]
MIT. CORPORATION 7/11/88	34 50	36 00	600	9 49	[illegible]	[illegible]
MIT. ESTATES 16/10/92	31 00	32 50	1,170	[illegible]	[illegible]	[illegible]
MIT. GAS & CHEM. 20/3/89	34 00	35 50	291	10 42	[illegible]	[illegible]
MITSUI E/S (NEW) 15/10/88	11 00	12 50	146	27 70	[illegible]	[illegible]
MITSUI E/S (OLD) 10/12/87	30 00	32 00	146	[illegible]	[illegible]	[illegible]
MIT. METAL (OLD) 10/2/89	80 00	85 00	595	36 85	[illegible]	[illegible]
MIT. METAL (NEW) 10/11/89	13 50	15 00	[illegible]	[illegible]	[illegible]	[illegible]
MITSUI PETROCHEM. 15/2/90	46 00	47 50	470	10 99	[illegible]	[illegible]
NIPPON MIN. (OLD) 17/3/89	98 00	105 00	371	50 47	[illegible]	[illegible]
NIPPON MIN. (NEW) 15/8/90	13 50	15 00	371	[illegible]	[illegible]	[illegible]
NIPPON YUSEN KK 18/10/90	21 50	23 00	308	20 39	[illegible]	[illegible]
NISSHO IWAI 1/2/89	13 50	15 00	209	17 74	[illegible]	[illegible]
NOMURA SECS. 31/10/88	65 50	67 00	1,041	[illegible]	[illegible]	[illegible]
OHBAYASHI GUMI 5/4/89	70 00	74 00	392	[illegible]	[illegible]	1 83
OMRON TATEISHI 31/3/89	10 00	11 50	[illegible]	89 16	[illegible]	[illegible]
ONODA CEMENT 28/2/90	15 50	17 00	[illegible]	[illegible]	[illegible]	[illegible]
OPTEC DAI-ICHI 23/2/90	26 50	28 00	620	[illegible]	4 26	[illegible]
OSAKA TRANSF. 29/1/90	26 50	28 00	544	[illegible]	[illegible]	[illegible]
RENOWN 24/1/89	16 50	18 00	740	[illegible]	[illegible]	[illegible]
RICOH 20/9/90	35 50	37 00	1,050	[illegible]	[illegible]	[illegible]
RYOBI LTD 25/5/90	14 00	15 50	[illegible]	[illegible]	[illegible]	[illegible]
SEINO TRANS. 17/3/89	14 00	15 50	1,100	18 47	[illegible]	[illegible]
SEIYU STORES 20/3/87	62 00	66 00	730	[illegible]	[illegible]	[illegible]
SEKISUI CHEM 20/9/90	48 50	50 00	610	[illegible]	[illegible]	[illegible]
SONY CORP. 26/4/90	19 00	20 50	3,730	38 81	[illegible]	[illegible]
SUMI. CONST. 24/3/89	63 00	67 00	290	[illegible]	[illegible]	[illegible]
SUMI. HEAVY 24/2/89	17 50	19 00	221	16 05	[illegible]	[illegible]
SUMI REALTY 21/11/89	118 00	117 50	1,050	0 13	[illegible]	[illegible]
TOKYO ELECTRIC 14/3/89	12 00	13 50	1,100	42 34	[illegible]	[illegible]
TOKYO SANYO 8/6/87	154 00	159 00	694	47 67	1 18	40 20
TOKYU CORP. (OLD) 29/1/90	93 50	95 00	572	0 48	[illegible]	[illegible]
TOKYU CORP. (NEW) 29/10/90	22 00	23 50	572	[illegible]	[illegible]	[illegible]
TOKYU DEPT. STORES 20/7/90	40 50	42 00	598	13 38	[illegible]	[illegible]
TORAY INDS 5/3/87	36 00	37 50	321	14 73	[illegible]	4 19
TOYO ENG. 28/2/89	51 00	55 00	700	42 61	[illegible]	[illegible]
YAMAMURA GLASS 8/5/90	13 00	14 50	453	37 19	[illegible]	[illegible]
YAMATO KOGYO 29/1/90	14 00	15 50	572	21 09	7 42	[illegible]
MINEBEA 15/3/90	39 00	43 00	775	26 42	2 61	10 12

Reuters Monitor DABF/G/H/I/J/K — Further information from: Freddy Glock, Beverly Kelly or Edward Cartwright on 01-236 6050
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INTL. COMPANIES & FINANCE

Deutsche Bank looks to Tokyo

BY YOKO SHIBATA IN TOKYO

DEUTSCHE BANK is exploring with the Japanese Ministry of Finance the possibility of *opening a branch for securities* business in Japan through its Hong Kong hased subsidiary.

This follows an earlier MoF decision to allow foreign banks to undertake universal banking (both banking and securities businesses) through branches of securties subsidiaries owned 50 per cent or less.

Deutsche Bank, which originally sought approval for a securities business branch through a wbolly-owned subsidiary, has accepted the MoF's new requirements, ministry officials said.

Uoder the plan, the bank would reduce its bolding in the currently wholly-owned Hong Koog-based subsidiary, the Deutsche Bank Capital Management (Asia), to less than 50 per cent, with tha remaining 50 per cent to be owned equally by Siemens and Bayer of West Germany. The Hong Kong subsidiary will then open a Tokyo branch for brokerage business.

The MoF plans to grant its approval by the year-end and is expected to convey its intention at a meeting with West Germany on monetary affairs in Bonn next Saturday.

Deutsche Bank's entry into the Japanese equity market would be tha first by a bank engaging in universal banking. Dresdner Band and Union Bank of Switzerland have reportedly started unofficial negotiations with the Ministry. County Bank of the UK, which is owned by National Westminster Bank, is also understood to be *looking for a suitable vehicle* to set up a brokerage business in Japan.

However, Mr Wilhelm Christians, one of Deutsche Bank's two joint chief executives, said yesterday that the reports from Tokyo about Deutsche'a plans were premature.

Bank executives indicated that negotiations wera still being held with the Japanese about how Deutsche Bank could gain access to the Japanese securities market.

Bayer confirmed yesterday that discussions had been beld about the company's involvement with Deutsche Bank in the Japanese venture. Siemens declined to comment at this stage.

Foreign banks operating in Japan have suffered a lapse in their commercial banking profitability, with returns on assets shrinking to 0.12 per ceot in the year to March 1985, they believe that profitability lies in the securities business both within Japan and internationally. However, Article 65 of the Securities Exchange Law, the Japanese eqnivalent of the Glass-Steagal Act in the US, excludes banks from securities business.

German and Swiss banks engaged in both types of business have sought the repeal of Article 65 on the grounds of reciprocity. Japanese banks engage in both services in Germany and Switzerland.

There are banks like American Express which have decided to engage in securities business only in Japan (through its subsidiary Shearson Lehman Brothers), while Citicorp has managed to achieve access through its acquisition of Vickers da Costa.

Deutsche Bank's efforts to start a securities business in Japan are being closely watched by other foreign banks, most of which have already prepared themselves by setting np merchant banking arms in Tokyo.

First-half downturn for Premier

BY JIM JONES IN JOHANNESBURG

PREMIER GROUP, the diversified South African food and *consumer products company*, suffered from a continued fall in privata consumption expenditure in the half-year to September.

Turnover rose 2.4 per cent to R1.20bn ($451.1m), while trading profits before interest, dividend income and tax fell by 8 per cent to R63m. An increase in the interest bill contributed to a reduction in interim pre-tax profits to R25m from R45m.

Turnover totalled R2.31bn in the year to March. Trading profits were R141.4m and pre-tax profits R101.8m.

Mr Tony Bloom, tha chairman, said that though turnover increased, growth was substantially below the inflation rate of 16 per cent. Lower private consumption expenditure, higher inflation, escalation of civil unrest and consumer boycotts and tha fall in the rand had a significantly greater than expected effect oo trading results, he said.

He added that it would not be prudent to predict results for the year as a whole.

The interim dividend has been maintained at 32 cents a share though first-half earnings fell to 39.2 cents a share from 66.9 cents. Last year a dividend total of 88 cents was paid from earnings of 168.6 cents a share. Mr Bloom expects this year's final dividend will match last year's.

Premier Group is indirectly controlled by Anglo American Corporation, South Africa's largest mining and industrial conglomerate.

Afrox ahead despite higher interest bill

By Our Johannesburg Correspondent

AFROX, the BOC Group's 60 per cent-owned South African subsidiary, increased turnover and profits in the year to September.

Turnover rose by 17.5 per cent to R337.1m ($127.8m) and trading profits before interest and tax were 24.6 per cent bigher at R50.4m. However, a virtual doubling of the interest bill led to an increase of only 15.3 per cent in pre-tax profits to R38.3m.

The comoany has vigorously diversified into private hospitals in recent years, and these interests provided the main growth in tha year.

Earnings per sbare increased to 69.33 cents from 61.71 cents and the dividend total has been raised to 40 cents per share from 39 cents

● Fedfood one of South Africa's major food groups, says that this year's trading conditions have been extremely difficult but has nevertheless increased interim turnover and profits. Turnover rose to R448m in the six months to September from R403m and pre-tax profits increased to R14.21m from R13.84m.

First-half earnings were unchanged at 32 cents a share and the interim dividend has been maintained at 12 cents.

Interim jump at Mitsubishi Motor

By Our Tokyo Staff

MITSUBISHI MOTOR Corporation (MMC) boosted pre-tax profits by 79.4 per cent to Y14.38bn ($69.9m) in the half year to September.

Sales advanced by 19.5 per cent to Y794.35bn, chiefly because of strong exports of cars to the US and trucks to China. Net profits for the half-year rose by 28.3 per cent to Y5.28bn. MMC is a 20 per cent affiliate of Chrysler of the US.

Earnings per share were Y7.50 compared with Y5.80 a year earlier.

Japanese confectioners show mixed results

BY OUR TOKYO STAFF

EZAKI GLICO and Morinaga, the two Jaoanese confectionery makers whose business has over the past two years been severely affected by corporate blackmailers threatening to poison their products, showed a sharp contrast in earnings performance for the half-year to September.

Glico's pre-tax profits increased three-fold to Y4.7bn ($22.9m) with net profits jumping from Y2m to Y2.02bn. Sales increased from Y47bn to Y84.3bn. The company said overall sales had now almost returned to the levels prevailing before the blackmailers struck, although profits were still trailing. Earnings per share rose by Y2 to Y5.

Morinaga tumbied into a pre-tax loss of Y813m from the previous year's profits of Y2.7bn. The company also reported a net loss of Y938m, compared with the previous year's net profits of Y1.37bn. Sales fell by 15 per cent to Y56.28bn, in the aftermath of the poisoning threats which ended in February.

UK COMPANY NEWS

Lucas surges but job cuts likely

BY DAVID GOODHART

Lucas Industries yesterday announced a 77 per cent increase in pre-tax profits from £32.6m to £57.8m for 1984-85 and a one-for-four rights issue to raise £89.4m.

The results are above City expectations and the shares reacted with an 18p gain to 466p yesterday.

However, the aerospace, automotive and industrial systems group also revealed provisions of £37.8m to cover extraordinary losses arising from the sale and closure of subsidiaries primarily in the troubled Lucas Electrical businesses (part of the dominant automotive division).

Mr Bob Brown, the finance director, said that about £28m of the provision covered the "seriously loss-making" electricals companies. The other £10m related to the closure of companies in Sweden, Panama, Dubai and South Wales.

Mr Godfrey Messervy, the chairman and chief executive, also warned that there will be further extraordinary costs in the current year—again concentrating on electricals—and these could be of a similar order to this year. After that, he said, the group would be "over the bump."

Mr Messervy would not be drawn on details of this latest round in the restructuring of Lucas—which began in 1981—but said: "It is unfair to speculate when people's jobs could be at stake but all options are open and we could be injecting money into companies, selling companies or closing them down."

Mr Godfrey Messervy, chairman of Lucas Industries

DIVISIONAL ANALYSIS

	1985	1984
Pre-tax profit	£m	£m
Automotive	27.2	10.5
Aerospace	24.1	16.7
Industrial	6.5	5.4
Total	57.8	32.6
UK	12.6	3.8
Overseas	41.8	26.3
Associates	3.4	2.5

BALANCE SHEET

	1985	1984
Fixed assets	402.4	401.4
Current assets	671.4	642.6
Net assets	648.8	626.8
Shareholders' funds	409.0	429.1
Net borrowings	175.8	185.9

The company has however made it clear that it wants to reduce its dependence on an automotive division over-dependent on the UK car industry and clearly sees best prospects for growth in aerospace and industrials. Mr Masservy accepted that one more round of job cuts—concentrated in the automotive division—was inevitable. Lucas has already closed about 30 plants and made 20,000 redundancies in the past three years.

Worldwide sales for the year ended July 31 1985 were 7 per cent higher at £1.499bn (£1.397bn) and trading profit was 32 per cent ahead at £87.3m (£65.9m).

Earnings per share more than doubled at 42.8p compared with 17.8p last year. The board is recommending a final dividend of 8.4p per share, making a total dividend for the year of 11p per share, 28 per cent up on last year.

Reorganisation, redundancy and closure charges have totalled more than £125m in the past five years but the group will save £40m over the next two years by not making contributions to some of its pension funds.

At the end of July net borrowings totalled £175.8m and on October 14, £210.6m. "This level of borrowing is a price the group has paid for the past poor performance of some of its businesses and for the recent achievements in restructuring the group," according to the chairman.

The proceeds of the rights issue—at 365p per ordinary share—is expected to go primarily to reducing debt, although suitable acquisitions were not ruled out by Mr Messervy.

Although a major restructuring of the Electricals businesses had been expected earlier in the year the results of the companies Competitiveness Achievement Plan is now in the early stages of discussion with the unions. Mr Mike Nangle, chairman of the Lucas Electrical shop stewards committee, said that only at one site—the Formans Road plastics plant in Birmingham had definite proposals been put forward for a cut of 120 in the 314 strong workforce. He said that a broader restructuring plan was not expected until next year "because the company has been frightened off by the Handsworth riots." Many of the Lucas Birmingham factories are in areas of high unemployment.

The chairman insisted that there are several possibilities for the loss-making Electricals including possibly management buy-outs. "We need a total return on assets of 20 per cent, at present it is only 9 per cent," he said. Total UK workforce is 46,000 — with about 12,000 in Electricals.

See Lex

Laporte's £3m UK venture into swimming pools

BY FRANK KANE

IN ITS first move into the swimming pool market outside North America, Laporte Industries (Holdings), the chemicals group, has bought two UK companies for a total of up to £3m in cash and shares.

It has acquired Aquatech Marketing and Spaform, two separate privately-owned companies of which the principal shareholders are the Poynter and Goodall families. Mr John Poynter, chairman of both companies, will retire following the acquisition, but will undertake consultancy work for Aquatech for a period of three years.

An initial consideration of £2m has been agreed for the two companies, with an additional performance related provision in 1987, which will not exceed £1m.

Mr Stan Freeman, chairman of the group's International Pool and Spa Chemicals division said that the acquisition will give Laporte a sound base from which to expand into the European pool and spa chemicals market.

"Aquatech are very successful marketers of pool products and, with the strength and product range of our five North American businesses behind them, should quickly enlarge their already sizable UK market share," he said.

Aquatech Marketing was established in 1970, and Spaform in 1983. Combined sales for the 1984-85 year amounted to £5m, while sales for the current year are estimated at £6m.

Mr R. Goodall and Mr L. Poynter, respectively managing director and finance director of Aquatech and directors of Spaform, will continue in their present capacities.

BBA pays £2.8m for five more acquisitions

BY FRANK KANE

BBA Group, the expanding motor components group based in West Yorkshire, yesterday announced five acquisitions for a total of some £2.77m, bringing its spending to around the £45m mark over the past nine months.

Dr John White, the chief executive, said: "Although these purchases are individually small, compared with our recent acquisitions, in total they represent significant moves in consolidating and strengthening our position."

The largest is the £1.65m purchase of the Liverpool solid woven belting business from Dunlop, the tyre and rubber manufacturer now owned by BTR Group. The deal will make BBA a leading supplier of belting for the mining industry.

The other four acquisitions are abroad. Through its principal German subsidiary, Textar, BBA has purchased — for FFr 3.3m (£289,000) — the fixed assets and stock of Beral France SA from the receiver of Beral KG. The chief executive said that the purchase of a French manufacturing company, to be renamed Textar France SA, will enable BBA to sustain its growth in continental clutch and disc pad markets.

In Spain, subject to the agreement of the Spanish Government, BBA has bought the outstanding minority shareholding in Frenos y Embragues for Pta 72.8m (£317,000), and the minority holding in Fressak.

Finally, in South Africa BBA has reached agreement with Dorbyl, a heavy engineering group, to purchase its 25 per cent outstanding equity in Vivian-Regina (Pty) for a consideration of R400,000 (£71,000).

Martin Dickson discusses the departure of Beecham's chairman

A shot of adrenalin needed

THE abrupt departure of Sir Ronald Halstead, chairman of the Beecham Group, in a boardroom coup after only 15 months at the head of the company, left the City stunned yesterday.

Beecham's performance has been far from startling in recent years, and its City image has accordingly been pretty poor. But there was no hint that dissatisfaction within the pharmaceuticals and consumer products group was sufficiently strong to prompt Sir Ronald's departure, the appointment of Mr John Robb as chief executive, and a hunt outside for a new chairman.

Some explanation is provided by yesterday's disappointing interim figures for the group; pre-tax profits are up only 2.4 per cent to £148.8m—and would have been £12.2m lower than that, if September exchange rates had been used—while earnings per share are down 3.6 per cent. If recent acquisitions are ignored, the company showed no growth in the six months.

"We're taking remedial action," said Lord Keith of Castleacre, the company's vice chairman, who also indicated that the second-half figures would probably only match, or slightly exceed the interim ones. Analysts are now pencilling in full-year pre-tax profits of around £300m, against £308m last time.

That, again, would be very disappointing, but not completely disastrous. So just why did Sir Ronald go? There was some speculation among analysts last night that Beecham might have more nasty trading surprises yet to reveal. However, many thought the most likely explanation was a belief among board members that the company was just not moving quickly to secure its long-term prosperity.

Certainly in recent months Sir Ronald had exuded a bold confidence that all was well. This had led to optimistic forecasts among analysts that profits might reach £375m this year. Only recently he was quoted by Management Today magazine as saying that "people are bored with the fact that our results are so consistently good."

That attitude presents a stark contrast with yesterday's outburst of self-criticism from Lord Keith (who is temporarily taking over as chairman). While insisting there was nothing fundamentally wrong with Beecham, he went on to say that the company was suffering from the aftermath of a long period of continuous growth.

This, however, dates too long before Sir Ronald's assumption of the chairmanship in July last year. For the past three years Beecham's pre-tax profits have advanced—in substantial measure thanks to acquisitions—but earnings per share have remained flat.

The main problem area has been its pharmaceuticals side, where growth has been slower than expected and which has produced a declining proportion of profits (around 45 per cent now against 60 per cent a few years ago).

The company is widely regarded as having placed too strong an emphasis on its strongest area—antibiotics—and attempts to diversify away from this have yet to produce substantial results.

The group is heavily dependent on the success of one product—the oral antibiotic Augmentin—which got off to a slow start in the UK but is now said to be making good progress.

It was introduced to the US market last year and, the company said yesterday, is putting up a "creditable performance."

Recent results from the pharmaceuticals side have been hit by price reductions and by prescribing restrictions in the UK. In the first six months of this year, the group's pharmaceuticals turnover grew by 13 per cent, but profits declined marginally.


Sir Ronald Halstead (left) who resigned as chairman yesterday, and Mr John Robb, the new chief executive

The consumer products side—which embraces products ranging from Macleans and Aquafresh toothpastes to Badedas bath additives and Body Mist deodorants—has seen much better growth, though over the past year or two problems have emerged in specific areas, such as cosmetics and in the West German market.

The figures for the first six months of this year were flattered by a £4.5m pre-tax profits contribution from British-American Cosmetics, which Beecham bought in January for £125m. Its products include Yardley cosmetics, soaps and toiletries and Lentheric fragrances.

Excluding acquisitions, the group's cosmetics and home improvement side suffered a 14 per cent first half fall in trading profits, though other consumer products saw a 7.8 per cent increase.

Sir Ronald, a career Beecham man who had been 31 years with the company, came to the chairmanship last year brimming over with enthusiasm for a much stronger corporate marketing strategy, to sell both its products to the customer and itself to the City.

And City analysts last night felt that Mr Robb, the new chief executive, would face a very difficult task in injecting more adrenalin into the company.

Mr Robb, who is 49, has, like his predecessor, spent most of his career on the consumer products side.

However, he lacks experience on the vital pharmaceuticals side. "The problem with Beechams," said one analyst last night, "is that they need people at the top with a broad range of experience. The new chairman—whoever he is—will need to be a major industrial figure."

Profits just ahead but earnings fall

Beecham coupled yesterday's announcement of the resignation of its chairman with figures for the first six months of 1985-86 showing a rise in pre-tax profits of only 2.4 per cent and a 3.6 per cent fall in earnings per share.

Pre-tax profits for the six months to September 30 totalled £148.8m, against a restated £145.3m on turnover up from £1.12bn to £1.34bn. However, these figures are based on translating the results for overseas companies (apart from Brazil and Mexico) into sterling on the basis of March 31 exchange rates.

If the company had used September 30 rates of exchange pre-tax profits would have been reduced by £12.2m and turnover by £84.9m.

The results also included those of British-American Cosmetics for the nine months since it was acquired from BAT Industries last January. The effect of consolidating this, and other minor acquisitions, was to increase turnover by £151m and profit before amortisation of goodwill and tax by £5m.

The company has declared an unchanged interim dividend of 5.1p per share. Earnings per share totalled 10.86p, against 11.27p in the same period of last year.

The group has changed its accounting policy relating to goodwill in accordance with SSAP 22. The increase in amortisation of goodwill during the period, up from £3.1m to £4.2m, is related to the acquisitions made and directors point out that if the acquisition profits and the additional goodwill write-offs were eliminated from pre-tax profits, the group made no organic growth overall in the first six months.

The directors explain that although the consumer products division, excluding cosmetics and home improvements, lifted their trading profits by 7.8 per cent, pharmaceuticals declined by 0.9 per cent and cosmetics and home improvements, excluding acquisitions, fell by 14 per cent.

In geographic terms, consumer products, excluding cosmetics and home improvements, registered a trading profit improvement in the UK, compared with last time, as well as the Americas and Africa, but was down in Europe, Asia and Australasia.

Cosmetics and home improvements were only substantially represented in Europe where profits increased significantly, and in the Americas, where profits declined to a greater extent, the directors state.

Pharmaceuticals' profits were down in the UK in the [illegible] down in the UK domestic market, whereas third party export profits recorded an increase. There were also rises in Europe, the Americas and Africa, although there were falls in Asia and Australasia. Royalty income was also down and research expenditure rose by about 5 per cent.

The directors explain that profits on the pharmaceuticals side were down slightly primarily because of prescribing restrictions in the UK, price reductions by both the British and Japanese governments, and investment in product launches in various countries.

In the consumer products area turnover was up overall by 21.7 per cent, including the benefits of acquisitions, directors say.

They point out that the UK soft drinks business suffered from the poor summer weather, although health drinks continued to perform well. While in Germany the toiletries business was affected by the reduction of certain items of stock held by the trade, proprietary medicines and toiletries made progress in the UK.

The directors add that the major toiletries brands performed well in the US and some Latin American countries.

Cosmetics and fragrances were generally buoyant in Continental Europe and the UK; in these markets both established group brands and those acquired last year—through the purchase of British-American Cosmetics—performed well, directors state.

In the home improvements products field Unibond-Copydex, in the UK, and Rubson in France, made satisfactory headway.

See Lex

DIVIDENDS ANNOUNCED

		Current payment	Date of payment	Corre-sponding div.	Total for year	Total last year
Amersham Intl	int	2.42	Jan 6	2.2	—	6
Avana Group	int	5	April 7	4.5	—	11.25
H. Ansbacher ¶	int	nil	—	1.5	—	1.5
Beecham	int	5.1	Jan 31	—	—	—
Business Mortgages		0.76	Feb 3	5.1	—	11.3
Lucas		8.4	Jan 22	6	11	8.6
New Cavendish Est		1.2	—	1.2	1.2	1.2
Outwich Invest	int	1.1	—	1	—	3

Dividends shown in pence per share except where otherwise stated. § Unquoted stock. ¶ Nine month period.
* Equivalent after allowing for scrip issue. † On capital increased by rights and/or acquisition issues. ‡ USM stock.

UK COMPANY NEWS

Ansbacher recovers to £1.5m profit

Henry Ansbacher Holdings, the troubled financial services group which underwent a financial reconstruction earlier this year, reports pre-tax profits of £1.49m in the six months to September 30 against losses of £13.1m for the year to March 31.

Mr D. H. LeRoy-Lewis, chairman, says the board is encouraged by what has been achieved in six difficult months, particularly as the proceeds of its rights issue were not received until mid-July and, for the first four months of the half-year borrowings exceeded £20m, with the interest thereon being a drain on earnings.

With all borrowings now repaid, he says, net tangible assets in excess of £44.5m, cash at hand, costs under control and all residual businesses in profit—or, in the case of shipbroking, reflecting a substantial turnaround—the company views the future with growing confidence.

He says the company expects to be more substantially in profit for the new nine-month accounting period to December 31 1985 than he forecast in his last statement. He said then the company had hoped to do better than break even.

However, he issues a note of caution: "In a business such as ours, the strength of any recovery after a major reconstruction must be regarded as uncertain until the businesses have settled."

Turnover, excluding merchant banking, was £7.5m against £10.46m. Operating profits were £2.29m against losses of £11.04m, less holding company interest, finance costs and other central costs of £805,000 (£2.06m).

Merchant banking contributed £1.32m to operating profits (£7.08m loss) and insurance broking £1.04m (£2.18m); shipbroking recorded a loss of £82,000 (£1.29m loss).

Tax took £327,000 (£1.76m), minorities £243,000 last time, leaving attributable profits of £1.16m (£15.1m loss).

There were no extraordinary items against £15.92m and there is no interim dividend. In the year ending March 31, 1.5p was paid, which cost £560,000.

Retained earnings came out at £1.16m against losses of £31.58m. Earnings per 50p share were 1p against losses of 42.1p.

The accounting policy on goodwill has been changed to comply with the recommended treatment under SSAP 22 which is an immediate write-off to reserves. Because insufficient free reserves are available, an application is to be submitted to the High Court to cancel an equivalent amount of the share premium account.

● comment

As Henry Ansbacher's chairman points out in his interim statement, good news from his company has been thin on the ground so far this year and these figures make for a refreshing change. July's rights issue is only part of the story: the company reports buoyant trading in all its main activities and costs have been reduced through a 25 per cent staff reduction. The other good omen is the emergence over the weekend of Wafra Intervest as an 11.8 per cent shareholder: the fact that this Kuwaiti organisation has decided to take on a portion of Pargesa's holding can be taken as a vote of confidence in the prospects of recovery. Ansbacher rightly points to the fragility of profits growth following so soon after a major reconstruction, but City analysts are nevertheless optimistic enough to be pencilling in profits of £2.3m for the nine-month period and £5m for 1986. The latter figure has the shares, up 3p yesterday to 68p, looking fully valued on a prospective p/e ratio of 23 after a 22 per cent tax charge.

Amersham blames strong pound for 3% fall in profits

Amersham International, manufacturer of radioactive materials, blames the strong pound for a 3 per cent fall in pre-tax profits to £7.77m in the half-year to September 30 against £8.01m last time.

The figure was a shade below City expectations of between £8m and £8.5m and the shares were down 23p at 302p.

However, Amersham reports a continuation of steady progress. Turnover was up 9.8 per cent from £50.69m to £55.69m, with all business achieving higher sales.

For the second-half, it expects to make further progress, Mr John Hill, chairman, tells shareholders in his interim statement, but he warns that the outturn will be subject to changes in exchange rates.

He says the group is maintaining its commitment to investment in research and development and an extensive programme of product launches is planned for the next 18 months.

The interim dividend is raised 0.2p to 2.42p a share—last year's earnings per share were up from 9.1p to 10.2p.

Operating profits rose from £8.69m to £8.82m. Interest charges were £1.06m (£675,000).

Tax in the UK took £1m (£1.08m) and overseas £1.39m (£1.86m). Minorities accounted for £273,000 (£513,000), giving attributable profits of £5.1m against £4.55m.

In the first-half, research products perfomed well, says Mr Hill, and the high rate of product introductions was maintained with advances in molecular biology, biomedicine and biochemistry.

In industrial products, he says, there was increased demand for sources for industrial measurement and control and for sterilising medical supplies. Initial results from the new enclosures business were encouraging.

The group's plan to enter this fast-growing sector in laboratory diagnostics was realised at the beginning of October with the launch of the Amerlite system in France and West Germany. The system will be progressively introduced to other markets, including the UK, early in 1986.

The Amerlite system accounted for about half of the £5m in group spending on research and development in the first-half.

Geographically, the group did well in the Far East and Western Europe, says Mr Hill, but growth was lower in the Americas.

See Lex

Avana lifts profits 7% to £8.3m in first-half

Avana Group, food processor, raised pre-tax profits by 7.3 per cent to £8.27m in the six months to September 28 1985 against £7.71 last time. City analysts had been expecting little change.

Total sales rose 6.2 per cent from £91.47m to £97.11m, helped by a 10.1 per cent increase in Europe. In the UK, trading conditions were difficult, the directors say, and turnover rose only 5.6 per cent.

Raw material prices continue to enjoy relative stability and the strength of sterling has not prevented progress, the directors say.

The interim dividend is raised 0.5p to 5p a 5p share. Earnings a share were up from 13.3p to 15.43p.

Trading profits were up from £10.17m to £11.43m, including £220,000 (£250,000) from associates. Pre-tax profits in the UK were £7.47m (£7m) and overseas £1.26m (£1.2m) after debenture interest of £80,000 (£82,000), other interest of £373,000 (£407,000) and depreciation of £2.71m (£1.98m).

Tax took £2.88m (£3.04m), leaving attributable profits of £5.39m (£4.67m).

R. F. Brookes occupied its new factory in April and is benefiting in line with expectations, the directors say.

Avana Bakeries continues to improve its trading in a static market. But Viota has lost ground to entrants in the breakfast cereal market. However, it will retain its previous position, the directors say, when its capital spending is complete and new production facilities are available.

Peny has not enjoyed the best of canning seasons because of bad weather in Brittany, France, and James Robertson has failed to make progress in spite of considerable investment in the Manchester factory.

● comment

Avana's shares do not fall far before devotees of Dr John Randall start buying again and so even after yesterday's slip to 595p the prospective multiple is still around 14½—a rating which sits uneasily following 7.3 per cent interim profits growth that casts doubt over forecasts of £22m. The biggest problem is Robertson jam where the price war rolls on with the encouragement of the retailers. Market share is down from 22 to 12 per cent and the much-improved Manchester factory is working at less than 60 per cent capacity. Avana is determined to regain its position which spells grim news for Robertson's margins. Viota is the other dull spot where cereal sales are being undermined by newcomers with cheap extrusion moulded products. There are some brighter areas to counter-balance Robertson and Viota, such as bakeries, meat and the new Brookes factory (at long last), but OP Chocolates is the only exciting area at present. It swung into the black with a turnround of perhaps £½m. Further acquisitions in chocolate cannot be ruled out, indeed any reasonable acquisition might inject some spark into what was once one of the sector's high-flyers.

BOARD MEETINGS

The following companies have notified dates of board meetings to the Stock Exchange. Such meetings are usually held for the purpose of considering dividends. Official indications are not available as to whether the dividends are interims or finals and the sub-divisions shown below are based mainly on last year's timetable.

TODAY

Interims:—Anglo American Coal, ODT, De La Rue, GEI International, Great Portland Estates.

Finals:—J. Bibby, Imperial Cold Storage and Supply, Majedie Investments, Microfilm Reprographics, Scottish National Trust, Yarrow.

FUTURE DATES

Interims:—

Assoc. British Engineering	Nov 18
Brickhouse Dudley	Nov 27
Bulmer and Lumb	Nov 20
CML Microsystems	Nov 19
Electra Investment Trust	Nov 13
Fuller Smith and Turner	Dec 12
Infrared Associates	Nov 18
Ivory and Sime	Nov 18
LRC International	Nov 18
Personal Assets Trust	Nov 15
Ruddle (G.)	Nov 14

Finals:—

Abbeycrest	Nov 28
Baldwin (H. J.)	Nov 20
Epicure	Nov 22
Merceau	Dec 10

BASE LENDING RATES

ABN Bank	11½%	■ Guinness Mahon	11½%
Allied Dunbar & Co.	11½%	■ Hambros Bank	11½%
Allied Irish Bank	11½%	Heritable & Gen. Trust	11½%
American Express Bk.	11½%	■ Hill Samuel	§11½%
Henry Ansbacher	11½%	C. Hoare & Co.	11½%
Amro Bank	11½%	Hongkong & Shanghai	11½%
Associates Cap. Corp.	12 %	Johnson Matthey Bkrs.	11½%
Banco de Bilbao	11½%	Knowsley & Co. Ltd.	12 %
Bank Hapoalim	11½%	Lloyds Bank	11½%
Bank Leumi (UK)	11½%	Edward Manson & Co.	12½%
BCCI	11½%	Meghraj & Sons Ltd.	11½%
Bank of Ireland	11½%	Midland Bank	11½%
Bank of Cyprus	11½%	■ Morgan Grenfell	11½%
Bank of India	11½%	Mount Credit Corp. Ltd.	11½%
Bank of Scotland	11½%	National Bk. of Kuwait	11½%
Banque Belge Ltd.	11½%	National Giro Bank	11½%
Barclays Bank	11½%	National Westminster	11½%
Beneficial Trust Ltd.	12½%	Northern Bank Ltd.	11½%
Brit. Bank of Mid East	11½%	Norwich Gen. Trust	11½%
■ Brown Shipley	11½%	People's Trust	12½%
CL Bank Nederland	11½%	PK Finans. Intl. (UK)	12 %
Canada Permanent	11½%	Provincial Trust Ltd.	12½%
Cayzer Ltd.	11½%	R. Raphael & Sons	11½%
Cedar Holdings	12 %	Roxburghe Guarantee	12 %
■ Charterhouse Japhet	11½%	Royal Bank of Scotland	11½%
Choulartons**		Royal Trust Co. Canada	11½%
Citibank NA	11½%	Standard Chartered	‖11½%
Citibank Savings	¶12½%	TCB	11½%
City Merchants Bank	11½%	Trustee Savings Bank	11½%
Clydesdale Bank	11½%	United Bank of Kuwait	11½%
C. E. Coates & Co. Ltd.	12 %	United Mizrahi Bank	11½%
Comm. Bk. N. East	11½%	Westpac Banking Corp.	11½%
Consolidated Credits	11½%	Whiteaway Laidlaw	12 %
Continental Trust Ltd.	11½%	Yorkshire Bank	11½%
Co-operative Bank	*11½%		
The Cyprus Popular Bk.	11½%		
Duncan Lawrie	11½%		
E. T. Trust	12 %		
Exeter Trust Ltd.	12 %		
Financial & Gen. Sec.	11½%		
First Nat. Fin. Corp.	12½%		
First Nat. Sec. Ltd.	12½%		
■ Robert Fleming & Co.	11½%		
Robert Fraser & Ptrs.	12½%		
Grindlays Bank	¶11½%		

■ Members of the Accepting Houses Committee.
* 7-day deposits 8.00%. 1-month 8.50%. Top Tier—£2,500+ at 3 months notice 11.25%. At call when £10,000+ remains deposited.
‡ Call deposits £1,000 and over 8.00% gross.
‖ 21-day deposits over £1,000 9.25%.
¶ Mortgage base rate.
** See Provincial Trust Ltd.
§ Demand dep. 8%. Mortgage 13%.

This Prospectus includes particulars given in compliance with the Regulations of the Council of The Stock Exchange of the United Kingdom and the Republic of Ireland ("The Stock Exchange") for the purpose of giving information to the public with regard to the issue by the Kingdom of Sweden (the "Kingdom") of £100,000,000 Loan Stock 2014 (the "Stock"). The Kingdom has taken all reasonable care to ensure that the facts stated herein are true and accurate in all material respects and that there are no other material facts the omission of which would make misleading any statement herein whether of fact or opinion. The Kingdom accepts responsibility accordingly.

Application has been made to the Council of The Stock Exchange for the Stock to be admitted to the Official List for quotation in the Gilt-edged market.

The Stock will be available either in registered form, transferable in amounts and multiples of one penny, or, at the option of the holder, in bearer form, represented by bearer bonds which will be available in the denomination of £10,000. Stock in registered form may be exchanged for bearer bonds and vice versa at any time after 21 May, 1986. Renounceable allotment letters (partly paid) in respect of the Stock will be despatched on Wednesday, 20 November, 1985. Certificates in respect of Stock in registered form and bearer bonds in respect of Stock in bearer form will be available on 21 May, 1986 provided the balance of the moneys payable has been duly paid.

The application list will open at *10.00 a.m. on Thursday, 14 November, 1985* and will close later the same day.

Dated 12 November, 1985

Kingdom of Sweden

Issue by tender of

£100,000,000 Loan Stock 2014

The Minimum Tender Price will be determined on 13 November, 1985 as set out in "Determination of Minimum Tender Price and Rate of Interest" below.

Payable as to £30 per cent. of the nominal amount on application and as to the balance of the Allotment Price (as defined below) not later than 30 April, 1986 with interest payable half yearly on 15 March and 15 September.

The issue has been underwritten by

Morgan Grenfell & Co. Limited

Baring Brothers & Co., Limited
Hambros Bank Limited
Kleinwort, Benson Limited
J. Henry Schroder Wagg & Co. Limited
County Bank Limited
Hill Samuel & Co. Limited
Samuel Montagu & Co. Limited
S. G. Warburg & Co. Ltd.

Riksgäldskontoret
(the Swedish National Debt Office)
Jakobsgatan 20
P.O. Box 16 306
S-103 26 Stockholm

Receiving Bank
National Westminster Bank PLC
New Issues Department
P.O. Box 79
2 Princes Street
London EC2P 2BD

Registrar and Transfer Office
National Westminster Bank PLC
Registrar's Department
P.O. Box 82
37 Broad Street
Bristol BS99 7NH

Principal Paying Agent and Exchange Agent
National Westminster Bank PLC
Stock Office Services
20 Old Broad Street
London EC2N 1EJ

Paying Agents
Morgan Guaranty Trust Company of New York
35 Avenue des Arts
B-1040 Brussels

Kredietbank S.A. Luxembourgeoise
43 Boulevard Royal
P.O. Box 1108
Luxembourg

Legal Advisers to the Underwriters
Slaughter and May
35 Basinghall Street
London EC2V 5DB

Advokatfirman Södermark
Birger Jarlsgatan 15
S-111 45 Stockholm

Legal Advisers to the Kingdom
Norton, Rose, Botterell & Roche
Kempson House
Camomile Street
London EC3A 7AN

Brokers
Hoare Govett Limited
Heron House
319-325 High Holborn
London WC1V 7PB
and
The Stock Exchange

W. Greenwell & Co.
Bow Bells House
Bread Street
London EC4M 9EL
and
The Stock Exchange

Rowe & Pitman
1 Finsbury Avenue
London EC2M 2PA
and
The Stock Exchange

PROCEDURE FOR APPLICATION

Each application for Stock must be made in the form of the tender form provided herewith, should be lodged with National Westminster Bank PLC, New Issues Department, P.O. Box 79, 2 Princes Street, London EC2P 2BD, by not later than 10.00 a.m. on Thursday, 14 November, 1985 and must comply with the provisions of "Terms of Payment in Respect of Applications" below.

Applications for Stock must be for a minimum of £100 nominal amount of Stock and thereafter for the following multiples of Stock:—

Amount of Stock applied for	*Multiple*
£100 to £2,000	£100
£2,000 to £20,000	£500
£20,000 to £100,000	£1,000
£100,000 or greater	£25,000

Each application must be for one amount and must state the tender price of the Stock for which application is made. Applications will only be considered for acceptance at the Minimum Tender Price (see "Determination of Minimum Tender Price and Rate of Interest" below) or at a higher price which is an integral multiple of 12½p per £100 nominal amount of Stock. Applicants wishing to tender at the Minimum Tender Price should tick Box A on the Tender Form.

Morgan Grenfell & Co. Limited, *on behalf of the Kingdom*, reserves the right to reject any application and to accept any application in part only. If any application is not accepted the amount paid on application will be returned by post at the risk of the person submitting the application without interest and, if any application is accepted for a smaller amount of Stock than that applied for, the balance of the amount paid on application will be so returned without interest. Pending subscription or return such amounts paid will be held in a separate account.

Morgan Grenfell & Co. Limited, on behalf of the Kingdom, will announce the basis of allotment by 9.30 a.m. on Friday, 15 November, 1985. It is expected that confirmation of allotments will be despatched on that day. Acceptances of applications for Stock will be conditional upon, *inter alia*, the Council of The Stock Exchange admitting the Stock to the Official List on or before Wednesday, 20 November, 1985. No applications for Stock will be accepted or, as the case may be, acceptances of applications for Stock will become void, if the Underwriters exercise their right to terminate the Underwriting Agreement if the conditions are not fulfilled (see "*General Information—Underwriting Arrangements*" below).

TERMS OF PAYMENT IN RESPECT OF APPLICATIONS

Each application, unless made by a recognised Bank or Stockbroker taking advantage of the alternative method of payment described below, must be accompanied by a cheque made payable to "National Westminster Bank PLC" and crossed "Sweden Loan", representing payment at the rate of £30 per cent. of the nominal amount of Stock applied for. Such cheques must be drawn on a branch in the United Kingdom or the Channel Islands of a bank which is either a member of the London or Scottish Clearing Houses or which has arranged for its cheques to be cleared through the facilities provided for the members of those Clearing Houses.

The alternative method of payment is available only to recognised Banks or Stockbrokers who irrevocably undertake in the tender forms lodged by them to pay National Westminster Bank PLC, New Issues Department, P.O. Box 79, 2 Princes Street, London EC2P 2BD, for credit to the account designated "Sweden Loan" by 10.00 a.m. on Wednesday, 20 November, 1985 the amount in Town Clearing Funds representing payment at the rate of £30 per cent. of the nominal amount of Stock in respect of which their applications shall have been accepted.

Morgan Grenfell & Co. Limited, *on behalf of the Kingdom*, reserves the right to instruct National Westminster Bank PLC to retain the relevant allotment letters and to delay the return of surplus application moneys (if any) pending clearance of applicants' remittances.

The balance of the amount payable on any Stock allotted must be paid so as to be *cleared on or before 30 April*, 1986. Such balance may be paid in advance of its due date but no discount will be allowed or interest paid on such balance for any period prior to 30 April, 1986. Failure to pay such balance when due will render all amounts previously paid liable to forfeiture and the allotment liable to cancellation. Interest at the rate of two per cent. above the base rate from time to time of National Westminster Bank PLC may be charged on such balance if accepted after its due date. The Kingdom further reserves the right, in default of payment of such balance, to sell any such Stock fully paid for its own account.

The expression "recognised Bank or Stockbroker" shall mean any organisation which is a recognised bank for the purposes of the Banking Act 1979 and any firm of stockbrokers which is a member of The Stock Exchange and such other banks or brokers as Morgan Grenfell & Co. Limited, on behalf of the Kingdom, shall at its absolute discretion agree for the purposes of the issue.

The expression "Town Clearing Funds" shall mean a cheque or banker's payment for £10,000 or more drawn on a Town Clearing Branch of a bank in the City of London.

DELIVERY

Renounceable allotment letters (partly paid) in respect of Stock allotted will be despatched on Wednesday, 20 November, 1985 by first class post to, and at the risk of, the person submitting the application in accordance with the instructions stated on the tender form.

Allotment letters may be split up to 3.00 p.m. on 28 April, 1986 in accordance with the instructions contained therein into denominations or multiples of £100 nominal amount of Stock in registered form and £10,000 nominal amount of Stock in bearer form.

Unless a duly renounced allotment letter with the registration application form and/or the form of application for Stock in bearer form duly completed is received by National Westminster Bank PLC, New Issues Department, P.O. Box 79, 2 Princes Street, London EC2P 2BD, on or before 30 April, 1986, the Stock represented by such allotment letter will, provided it is fully paid, be registered in the name of the original allottee and thereafter Stock in registered form will be transferable only by instrument of transfer.

Allotment letters will provide for Stockholders to elect to take delivery of Stock in bearer rather than registered form. Stock in bearer form will be represented by bearer bonds which will be available in the denomination of £10,000.

Each Stockholder who elects in the allotment letter to receive bearer bonds may elect to receive them in one of the three following ways:

(a) by collection from the offices of National Westminster Bank PLC, Stock Office Services, 20 Old Broad Street, London EC2N 1EJ;

(b) by post at the risk of the applicant. National Westminster Bank PLC will insure any package destined for an address in the United Kingdom provided a cheque payable to National Westminster Bank PLC is enclosed with the allotment letter made out for £5 per £10,000 nominal amount of bearer bonds to be sent (minimum payment £5). Insurance rates for other countries will be quoted on request; or

(c) by delivery to an existing account with Euro-clear or CEDEL S.A.

Bearer bonds are expected to be available for delivery on and after 21 May, 1986.

Stock certificates in respect of Stock in registered form will be despatched to the registered holders (in the case of joint holders to the first named) at their registered addresses by National Westminster Bank PLC on 21 May, 1986. After such date the relevant allotment letters will cease to be valid for any purpose.

No Stock certificate will be issued and no bearer bond will be delivered unless the Stock to be represented thereby is fully paid.

DETERMINATION OF MINIMUM TENDER PRICE AND RATE OF INTEREST

The Minimum Tender Price of the Stock will be determined on the following basis:

At or as soon as possible after 3.00 p.m. on Wednesday, 13 November, 1985 Morgan Grenfell & Co. Limited shall determine the Gross Redemption Yield rounded to three places of decimals (with 0.0005 being rounded upwards) on 13½ per cent. Treasury Stock 2004-08, the price of such Treasury Stock to be the arithmetic mean, rounded to four places of decimals (with 0.00005 being rounded upwards), of the bid and offered prices quoted cum dividend on a dealing basis for settlement on the following business day by three jobbers in the Gilt-edged market. Gross Redemption Yields will be expressed as a percentage and will be calculated on the basis indicated by the Joint Index and Classification Committee of the Institute and Faculty of Actuaries as reported in the Journal of the Institute of Actuaries, Vol. 105, Part 1, 1978, page 18. The sum of 0.75 per cent. and such Gross Redemption Yield shall be the Gross Redemption Yield used in the determination of the Minimum Tender Price of the Stock (the "Underwriting Yield"). The Minimum Tender Price per £100 nominal amount of Stock and the rate of interest attaching to the Stock shall respectively be such price rounded to the nearest 1p (with ½p being rounded upwards) as shall be nearest to (but not less than) £88 per cent. and such rate of interest, being an integral multiple of ¼ per cent., as would result in the Gross Redemption Yield on the Stock being equal to the Underwriting Yield.

It is intended that the Minimum Tender Price, the rate of interest attaching to the Stock and the Underwriting Yield will be published in the *Financial Times* on Thursday, 14 November, 1985.

DETERMINATION OF ALLOTMENT PRICE AND BASIS OF ALLOTMENT

Applications will be ranked in descending order of price and allotments will be made against applications which are at or above the lowest price at which Morgan Grenfell & Co. Limited, on behalf of the Kingdom, decides that any application shall be accepted (the "Allotment Price"), which shall not be less than the Minimum Tender Price. The lowest price at which Morgan Grenfell & Co. Limited will decide that applications shall be accepted will be the highest price at or above which *applications are received for the total nominal amount of* the Stock. All allotments will be made at the Allotment Price. Applications which are accepted and which are made at prices above the Allotment Price will be allotted in full. Applications made at the Allotment Price may be allotted in full or in part only. Successful applicants will be notified by letter to be despatched not later than 15 November, 1985 of the amount of Stock in respect of which their applications have been accepted.

It is intended that the Allotment Price, the basis of allotment, the Gross Redemption Yield at the Allotment Price and the amount of the first interest payment will be published in the *Financial Times* on Friday, 15 November, 1985.

INFORMATION RELATING TO THE STOCK

The issue of the Stock was authorised by a resolution of the Board of Commissioners of Riksgäldskontoret (the Swedish National Debt Office), representing the Kingdom, passed on 7 November, 1985 and will be constituted by a Deed Poll to be entered into by the Kingdom. The following is a summary of, and is subject to, the detailed provisions of the Deed Poll, copies of which will be available for inspection at the offices of the Registrar and the paying agents referred to below.

Status

The Stock will be a direct, unconditional and general obligation of the Kingdom and the full faith and credit of the Kingdom will be pledged for the due and punctual payment of the principal and interest in respect of the Stock and for the performance of all obligations of the Kingdom with respect thereto. The Stock will rank *pari passu* with all other unsecured indebtedness (as that term is defined in the Deed Poll) of the Kingdom from time to time outstanding.

Form

The Stock will be available either in registered form ("Registered Stock") or in bearer form ("Bearer Stock"). On and after 21 May, 1986 and subject as hereinafter provided, Registered Stock may be exchanged in nominal amounts of £10,000 or integral multiples thereof for Stock in bearer form and Bearer Stock may be exchanged for Registered Stock. Bearer Stock will be represented by bearer bonds which will be available in the denomination of £10,000 each (the "Bearer Bonds").

All applications for the exchange of Registered Stock for Bearer Bonds and vice versa shall be made by the holders of Registered Stock or Bearer Bonds, as the case may be, lodging an application for exchange duly completed, in accordance with the instructions printed thereon, at the office of the Exchange Agent referred to below and will be irrevocable.

The initial Exchange Agent and the initial Registrar is National Westminster Bank PLC at Stock Office Services, 20 Old Broad Street, London EC2N 1EJ and Registrar's Department, P.O. Box 82, 37 Broad Street, Bristol BS99 7NH respectively.

The Registered Stock will be transferable in amounts and multiples of one penny by an instrument in writing as if the Stock were a security to which Section 1 of the Stock Transfer Act 1963 of Great Britain applied.

The Bearer Bonds will be transferable by delivery.

Interest

The Stock will bear interest from 20 November, 1985 at a rate per annum to be determined in accordance with "Determination of Minimum Tender Price and Rate of Interest" above. Interest will be payable (less, where applicable, United Kingdom income tax) by equal half yearly instalments on 15 March and 15 September in each year except that the payment of interest in respect of the period from 20 November, 1985 to 15 September, 1986 will be made on 15 September, 1986 and will be calculated using the following formula:

$$£I = \left(\frac{161}{365} \times \frac{30}{P} \times R\right) + \left(\frac{138}{365} \times R\right)$$

where £I is the first payment of interest on £100 nominal amount of Stock;

R is the percentage rate of interest attaching to the Stock; and

P is the Allotment Price.

Interest will cease to accrue on the Stock on the due date for redemption thereof unless payment of principal is improperly withheld or refused.

In respect of repayments of principal of, and payments of interest on, Bearer Bonds, the Kingdom will at all times maintain a paying agent in London and in at least one country in continental Western Europe.

Redemption and Purchase

The Kingdom will redeem the Stock at par on 15 September, 2014.

The Kingdom may at any time purchase Stock on The Stock Exchange or by tender (available to all Stockholders alike) or by private treaty but not otherwise. In the case of purchases on The Stock Exchange or by tender, the price, exclusive of expenses and accrued interest, will not exceed the average of the middle market quotations of the Stock taken from The Stock Exchange Daily Official List for the ten business days before the purchase is made or, in the case of a purchase on The Stock Exchange, the market price provided that it is not more than five per cent. above such average. In the case of purchases by private treaty, the price, exclusive of expenses and accrued interest, will not exceed 120 per cent. of the middle market quotation of the Stock on The Stock Exchange (or, failing such quotation, on such other stock exchange or securities market on which the Stock is listed for the time being) at the close of business on the last dealing day preceding the date of purchase. The Kingdom will be entitled to hold and deal with Stock purchased in accordance with the terms of this paragraph and such Stock may be cancelled or not as the Kingdom thinks fit.

Modification of Rights

The conditions of the Stock, the provisions of the Deed Poll and the rights of the Stockholders are subject to modification by Extraordinary Resolution of the Stockholders as provided in the Deed Poll.

Further Issues

The Kingdom may from time to time without the consent of Stockholders create and issue further stock (whether in bearer or registered form) either ranking *pari passu* in all respects with the Stock or in all respects save for the amount of and/or the date of payment of the first payment of interest thereon, and so that the same shall form a single series with the Stock.

Governing Law, Jurisdiction and Waiver of Immunity

The conditions of the Stock and the provisions of the Deed Poll will be governed by and construed in accordance with the laws of England except with respect to their authorisation and execution by and on behalf of the Kingdom and any other matters required to be governed by the laws of the Kingdom. The Kingdom will irrevocably agree that any proceedings arising out of or in connection with the Stock may be *brought in the English courts or in any competent court in the Kingdom* and will submit to the jurisdiction of, and, to the extent that it is legally able to do so, will waive irrevocably any immunity to which it might otherwise be entitled in proceedings brought in, each such court.

USE OF PROCEEDS

The net proceeds to be received by the Kingdom from the issue of the Stock will initially be added to the Kingdom's foreign exchange reserves with the Sveriges Riksbank (the Swedish Central Bank) and the kronor equivalent will be credited to Riksgäldskontoret.

STOCK EXCHANGE DEALING

The Stock in both registered and bearer form will be dealt in on The Stock Exchange in the Gilt-edged market. The Stock will normally be traded for settlement and delivery on the working day after the date of the transaction. *The price of the Stock will be quoted inclusive of* accrued interest. However, with effect from 10 February, 1986 the price of the Stock will be quoted exclusive of accrued interest.

It is expected that dealings on The Stock Exchange will begin on Friday, 15 November, 1985 for deferred settlement on Thursday, 21 November, 1985.

UNITED KINGDOM TAXATION

The statements below are based on current law and practice in the United Kingdom. They are general in nature, apply only to persons who are the beneficial owners of Stock and may not apply to certain classes of taxpayer (such as dealers). Persons who may be subject to tax in other jurisdictions or who are in any doubt as to their tax position should consult their professional advisers.

United Kingdom income tax at the basic rate (currently 30 per cent.) will be deducted from interest paid on Registered Stock. Holders of Registered Stock who are not resident in the United Kingdom for tax purposes may apply for exemption from this tax by sending a form A3 to the Inspector of Foreign Dividends.

Such income tax will also be deducted from interest paid on Bearer Bonds by paying agents in the United Kingdom except where a declaration can be made, in the form required by the Inland Revenue, that the holder is the beneficial owner of the interest and of the Bearer Bond and is not resident in the United Kingdom for tax purposes and *provided the interest is not deemed to be the income of a resident of the* United Kingdom for tax purposes.

There are certain exceptions to the above where interest is paid to banks carrying on a bona fide banking business in the United Kingdom or where interest on Registered Stock is paid directly to an address *abroad*.

Paying agents outside the United Kingdom will not deduct United Kingdom income tax from interest on the Bearer Bonds. However, where any person in the United Kingdom obtains payment of interest on the Bearer Bonds on behalf of the holder, that person will deduct United Kingdom income tax except where a declaration can be made, in the form required by the Inland Revenue, that the holder is the beneficial owner of the interest and of the Bearer Bond and is not resident in the United Kingdom for tax purposes and provided the interest is not deemed to be the income of a resident of the United Kingdom for tax purposes.

The Stock will be a qualifying corporate bond for the purposes of United Kingdom tax on capital gains. Under the Finance Act 1985, no gain or loss for the purposes of such tax will be realised on any disposal of the Stock on or after 2 July, 1986, and no indexation allowance will be given on any disposal of the Stock effected before that date.

The Stock will not be a deep discount security within the meaning of Section 36 of the Finance Act 1984 for the purposes of United Kingdom tax on income. Notwithstanding that the Allotment Price of the Stock may be below its nominal value, no part of that nominal value paid on redemption of the Stock pursuant to the paragraph headed "Redemption and Purchase" under "*Information Relating to the Stock*" above will be treated as subject to United Kingdom tax as income. On a disposal of the Stock (including any disposal on a purchase made by the Kingdom pursuant to the paragraph headed "Redemption and Purchase" under "Information Relating to the Stock" above), it follows that no part of the disposal proceeds received will be treated as subject to tax as income (*save for any amount which the new rules introduced by the Finance Act* 1985 may treat as representing interest accrued on the Stock in the interest period when the disposal takes place).

CURRENT INFORMATION CONCERNING THE KINGDOM

Economic Developments and Policy

Sweden's gross domestic product (GDP) increased in 1984 by 3.4 per cent. at constant prices. This acceleration in growth from 1983, when GDP rose by 2.5 per cent., primarily reflected some resumption of growth in domestic demand after its depressed state in the preceding *year, while exports continued to increase at a rapid*, although somewhat declining, rate. The current account showed a surplus in 1984 of Skr 3.3 billion (0.4 per cent. of GDP), the first such surplus since 1973. In 1984 the balance of trade had a surplus of Skr 23.3 billion.

In the beginning of 1985, however, Sweden experienced a deterioration in its current account and trade balances. *During* the first six months of 1985 the balance of payments on current account had an estimated deficit of about Skr 9.9 billion and the balance of trade an estimated surplus of Skr 5.5 billion, compared to a current account surplus of Skr 5.4 billion and a balance of trade surplus of Skr 15.1 billion in the first six months of 1984. These developments were primarily attributable to an *increase in imports, resulting from strong growth* in private consumption and investment.

No Government forecast for the current year has been published since April. In October 1985 the Swedish National Institute of Economic Research, an independent public agency (the "Institute"), presented its *customary Autumn report*. The report forecasts that in the second half of 1985 domestic demand will decline somewhat, particularly private consumption which was earlier in the year financed to an unusually high degree by reduced savings. The Institute expects that aggregate investment activity will level off, following an anticipated decline in residential construction, although business *investment* is expected to continue to increase. As a consequence, the Institute forecasts a decline in total imports and an increase in export growth in the second half compared to the first half of 1985, resulting in a small current account deficit for the second half of 1985.

The Institute's report predicts that GDP will increase by 2.5 per cent. for the full calendar year 1985. The growth in GDP is expected to come from domestic demand, primarily increased capital investment. The current account deficit for 1985 is estimated at Skr 11.6 billion, about 1.3 per cent. of GDP. The consumer price index is expected to increase by 5.8 per cent. during 1985, compared to 8.2 per cent. during 1984 *and* 9.3 per cent. *during* 1983. During the first nine months of 1985, the consumer price index rose by 3.9 per cent. The Institute estimates that hourly wages will rise during 1985 by about 7 per cent. on average and about 8 per cent. in the manufacturing sector.

The Central Government budget deficit for fiscal 1984/85 *amounted to* Skr 69.1 billion and it has declined substantially during the last two years. The National Audit Bureau recently estimated that the Central Government budget deficit for fiscal 1985/86 will be Skr 53 billion, which is Skr 8 billion less than the Government's estimate made in April 1985. The reduction in the estimated deficit is attributable to larger tax revenues following increased real domestic growth.

CONTRACTS

Wigan city centre to be redeveloped

Fairclough Building, a member of the AMEC construction and engineering group, has emerged triumphant from the bidding for the £26m contract for Wigan's Market Square development. The contract has been awarded to the Swinton-based western division by the developers Northern England Development Associates.

Scheduled to run in sectional phases with completion in five years, the project has been called "the biggest-ever boost to shopping in the town" by the Wigan Metropolitan Borough Council. Among the largest of the recent town developments in the region, it entails the redevelopment of the market square area to provide modern shopping amenities, containing some 27,000 sq metres of retail floor space including a market hall.

The development will be in a traditional style to blend with the surroundings, with black-and-white elevational features, extensive brick cladding, and roofs in natural slate. Glazed arcades creating at atmosphere similar to that of the town's present arcades will lead from Standishgate through the scheme to the centrepiece—the new open market square. This will be surrounded on all sides by a shopping gallery, which, coupled with the arcades, has prompted Wigan BMC to name the project "The Galleries."

Work will start on November 25. Phase 1, which includes the market hall, a large supermarket and over a dozen shops, will be open by mid-1988. The ensuing phases, consisting of further stores and over 50 individual shop units, will be ready by mid-1990. Retailers have shown interest in the scheme with three stores already pre-let to national companies. "The Galleries" project is part of wider improvements to Wigan town centre, including a ring road, pedestrianisation, a new bus station and car parks.

£4m galleys for airliners

C. F. TAYLOR (Metalworkers), a subsidiary of EIS Group, has been awarded contracts worth in excess of £4m. Major customers include: British Airways with an order for the supply of 11 shipsets of galleys and stowages for refurbishment of its Lockheed L1011 TriStar aircraft; Virgin Atlantic for galleys on its second Boeing B747; Korean Airlines for crew galleys on two new Airbus A300F4-200 freighters; the Boeing Company for galleys on two B767 aircraft to be sold to an undisclosed airline and Quantas and Iberia for units in the reconfiguration of existing B747 and A300 fleets respectively.

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SAFECO CORP, Seattle, has named Mr Bruce Maines as chief executive officer to succeed Mr R. M. Trafton, who is retiring.

Mr Maines is currently president and chief operating officer. He will assume the additional duties at the end of the year.

Mr Trafton will continue to serve as chairman of the board, and chairman of the finance committee.

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ECHLIN INC, Branford, Connecticut, has announced that its president, Mr Larry W. McCurdy, has resign to accept another position. The company did not provide any details.

Mr Frederick J. Mancheski, the chairman, will serve as acting president until a successor is found.

The board has elected Mr Clarence E. Johnson to the board to fill the vacancy created by the resignation. Mr Johnson has previously served on the board.

*

TREND DATALINK, a Phicom company, has received a contract for the installation and maintenance of the Manpower Services Commission's new high-speed data communications network. The contract is part of a staged £7m order awarded by the Manpower Services Commission (MSC) to a consortium headed by Gresham Lion Electronics and including Camtec Electronics and Trend Datalink, a Trend Communications management company. Gresham Lion will supply the terminals and Camtec will supply the networking equipment. Trend Datalink will be responsible for the installation of 2,500 visual display units at over 800 job centres and other MSC offices throughout the country. Trend will also supply the necessary modems and, through its nationwide network of field engineers, provide all future maintenance and support.

Townson builds beer warehouse

WILLIAM TOWNSON AND SONS, Bolton, has been awarded a development for Matthew Brown. The £3.8m project at Blackburn is for a warehouse complex to package and store draught beers and lager. It will include a keg washing and racking plant. Warehousing facilities for wines and spirits will be incorporated, together with delivery fleet loading bays.

Townson has also secured a contract worth £130,000 from the Property Services Agency, for the riggers workshop, H.M.S. Inskip. This design and build project is based upon a concept provided by the P.S.A.

Aerology Consortium, an associate of the Townson Group, has been awarded a contract by Trent Regional Health Authority at Derby City Hospital. The project valued at £133,000, is for the provision of clean room facilities within the pharmaceutical manufacturing unit, enabling all processes to be undertaken in a controlled environment.

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SULZER BROTHERS (UK) has a £800,000 contract for mechanical services at Paisley Leisure Complex Phase 1 awarded by Morrison Construction as main contractor for Renfrew District Council. The contract includes installing air conditioning, ventilation, heating, water services, gas, swimming pool water system and all controls. Completion is scheduled for December 1986.

*

INTERNATIONAL COMPUTERS (ICL) has won contracts worth over £1.5m. Nine Regional Health Authorities have placed a £580,000 order for ICL's IDMS-X database software. The agreement was negotiated by South Western Regional Health Authority acting as centre of responsibility for NHS computer procurement and ICL's health systems business unit. IDMS-X is widely used in the ICL-based patient administration system (PAS), which is being installed in 56 District Health Authorities. Its main importance for Regional Health Authorities is as part of a recently announced system to satisfy Government and DHSS requirements to provide information on regional inpatient activity. This data has to be provided by all regions by April 1987, as specified in the first Körner report.

South Tyneside Metropolitan Borough Council has ordered an ICL 2958 Model 39 computer system to replace its current ICL 2955 machine. The total contract is valued at £600,000 including software. The equipment will underpin the information technology strategy of South Tyneside MBC, whereby the Council is seeking to use information as a corporate resource to be used fully in improving the efficiency and effectiveness of its services to the 160,000 population within the area. The mainframe computer comes with CAFS fast search system and OSLAN interface for OSI connections.

ICL Austria has gained a significant order from Datendienst of Bludenz for a CAFS-ISP (content addressable file store information search processor) integrated database system to be used in conjunction with a 2957 mainframe computer running under VME, ICL's advanced operating system. With an order value of over £300,000, this is the first CAFS-ISP order from the Germanic-speaking countries. Datendienst plans to instal the 2957 early next year in its new data processing offices.

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METAL AND PIPELINE ENDURANCE (MAPEL) has won a £700,000 contract for non-destructive testing at the Shell/Esso St Fergus onshore terminal near Peterhead, Aberdeenshire. The contract from managing contractors The Ralph M. Parsons Co entails checking fabrications and pipework constructed under joint Shell/Parsons management for the Fulmar Gas Project. The programme will be carried out by MAPEL's Inverness regional office, using radiographic, ultrasonic and magnetic-particle inspection techniques to determine structural integrity. Up to 20 inspectors and technicians are likely to be engaged in the work. Completion is planned for the end of August, 1986. MAPEL is also providing weld heat treatment services for the same project on a separate contract from sister company Press Construction. MAPEL is part of AMEC, the international construction and engineering group.

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GEC to build plane bridges for Heathrow

GEC MECHANICL HANDLING has received an order worth over £1.7m to supply the British Airports Authority with seven telescopic passenger loading bridges for the North Terminal at London's Gatwick Airport.

With help from the DTI's Support for Innovation scheme, GEC has produced the only all-British passenger loading bridge for airports. A prototype bridge was delivered to Heathrow's Terminal Four recently for evaluation by BAA. The order for Gatwick has now been won against keen foreign competition.

The new type of bridge will provide a base product for GEC's factory at Melksham. Attention has been paid to the visual appearance resulting in a more streamlined design. Most noticeable are the smooth exterior walls of the corridors and rotunda and the absence of drive equipment and handrails on top of the bridge. Interior finishes include carpeting and aluminium extrusions to match the terminal building. Visibility from the cabin enables the bridge driver to ensure that the drive path is not obstructed by vehicles or other equipment. All critical functions can be monitored and communicated to the central control area.

The airbridge is controlled by a GEC GEM 80-130 programmable logic controller. As an additional feature a system is being developed which will automatically position the bridge within close proximity of the aircraft door for final manual docking.

*

A contract valued at £300,000 has been won by MAGNAFLUX, Swindon, for Zyglo fluorescent penetrant and magnetic particle testing equipment to be installed in an engine overhaul and repair facility being completed for Gulf Aircraft & Maintenance Co, Abu Dhabi. The contract includes degreasing facilities, a post emulsifiable Zyglo penetrant testing line for revealing surface faults in non-ferrous components and magnetic particle inspection units for the checking of ferrous parts.

Japanese win order for methanol plant

A Japanese consortium of KAWASAKI HEAVY INDUSTRIES, MARUBENI CORP and NISSHO IWAI CORP has won an order for methanol production facilities worth $150m (£107m) from Signal Methanol Inc. Start-up is in 1989.

The Japanese consortium accepted a project finance which has no guarantees from third party financial institutes.

The repayment will be made in 10-year instalments after completion of the plant construction. Interest rate is 11.2 per cent fixed for $100m and LIBOR plus an undisclosed floating rate for $50m they said.

This contract is part of $320m (£228m) worth of methanol plant, capable of producing methanol at an annual rate of 700,000 tonnes, built by Signal Methanol in the Cayman Islands.

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Three highway contracts, worth £7m, have been won by ROADWORKS (1952), civil engineering division of Jackson Group. The largest is the £3.4m Writtle by-pass for Essex County Council.

LADBROKE INDEX
1,068-1,072 (−9)
Based on FT Index
Tel: 01-427 4411

UK COMPANY NEWS

ConsGold sheds loss-maker Skytop

BY STEFAN WAGSTYL

Consolidated Gold Fields, the mining and quarrying group, has found a buyer for Skytop Brewster, the loss-making US oil rig equipment business it first put on the market more than two years ago.

Branham Industries, a privately-owned Texan company, has agreed in principle to buy Skytop. The price has yet to be settled but it is likely to be a fraction of the $60m which Gold Fields paid for it in 1980.

Gold Fields said that the deal with Branham did not prejudice the negotiations currently under way to sell its other US industrial interests, grouped together in Gold Fields American Industries (GFAI), to a management team headed by Mr Richard Secrist, the president and chief executive.

Gold Fields put all these businesses up for sale in April this year, turning its back on earlier attempts to diversify in the US away from mining and quarrying.

Skytop itself was meant to have been the crowning achievement of the diversification plan. It expanded rapidly after acquisition, employing 1,800 at its peak, but in 1982 the US energy market collapsed and Brewster had to be cut back to staunch its losses. Gold Fields had to write off £87m on the business.

In the past two years, it has been wound down greatly and has been operating at a small loss.

Branham Industries, like Skytop, is based in Conroe, Texas. Mr Richard Branham, president, said its turnover was running at $30m a year, producing oil rig equipment. The company was buying Skytop to expand its equipment ranges.

"Although the industry is in bad shape with a tremendous over-supply of equipment, we feel it is not far away from a slow resurgence of business," said Mr Branham.

Mr Branham hopes to settle the price with Gold Fields shortly. The UK group aims to announce the sale of the other GFAI companies before the end of the year. It is only negotiating with the management team led by Mr Secrist and has refused to consider an alternative offer made by New Capitalism, a company formed by New York investment banker Mr Gary Lutin.

Trusts agree 'ingenious' deal

BY FRANK KANE

Investors Capital Trust, the Edinburgh-based investment trust which has been at loggerheads with its largest shareholder, British Assets Trust, yesterday announced that it had reached agreement with it on an unusual bid package.

Mr Alex Hammond-Chambers, chief executive of Ivory & Sime, which manages British Assets, said last night that the aim of the deal was for it to acquire 51 per cent of ICT's equity. He estimated that, including the cost of acquiring the 19.4 per cent stake it already owns, the total cost of the partial offer would be around £80m.

The deal, described last night as ingenious by Wood Mackenzie, the leading analysts in the field, gives ICT shareholders a three-way choice for future investment and could ultimately change ICT from a capital growth trust into an income growth trust. It also aims to preserve ICT's independent Stock Exchange quotation.

Under the terms now offered to ICT shareholders, they will be able to exchange a minimum of 30 per cent of all or part of their present holding for 6 per cent convertible loan stock in British Assets and retain the balance of their holdings, if any, in ICT under new management with a revised investment policy.

For those who wish to retain an interest in a capital growth stock, the British Assets loan stock will be convertible into existing common shares of GBC Capital, a Canadian investment company which is a partially-owned subsidiary of British Assets.

British Assets claims that the plan offers "a mixture of a North American capital growth-orientated stock and a high-yielding UK growth of income investment, with some flexibility to adjust the mix according to the shareholders' own investment criteria."

Alternatively, for those who wish to liquidate their holdings, there is a cash alternative of 242p — a 10 per cent discount to net asset value — or 92.5 per cent of formula asset value, whichever is the higher.

The management of ICT would be taken over by Ivory & Sime if the proposals were accepted by ICT holders. ICT's fund management proposals, which it had formulated as an alternative strategy for the trust's future, would fall into abeyance. However, long-term plans as regards ICT management, and in particular Mr David Williams, the consultant who was to head the new structure, are not yet clear.

Mr Hammond-Chambers said last night that he believed the proposals were in the best interests of ICT shareholders. His company was "well placed to provide the necessary management expertise and global coverage required."

He added that the cash alternative was "pretty mean, and supposed to be. We set out to make the cash offer unattractive in order to encourage ICT shareholders to accept our loan stock plans." He also pointed out that most investors would incur capital gains tax liability on acceptance of the cash terms.

Analysts welcomed the deal as a way out of a potentially damaging confrontation between the two trusts. ITC had threatened to unitise if its fund management proposals were not accepted by shareholders but British Assets and another large shareholder Standard Life Assurance, had a virtual veto on such plans, which require a 75 per cent majority.

Smurfit tussle with Southwest ends in deal

Jefferson Smurfit, the Dublin-based paper, print and packaging company, has ended its tussle with Southwest Forest Industries, the Arizona forest products group, for which it made a hotly contested bid last autumn.

The two companies announced yesterday that they had reached agreement on long-term paper supply contracts and Jefferson has agreed not to acquire any additional Southwest shares for at least 10 years.

Jefferson originally acquired 9.3 per cent of Southwest in May 1984 and announced that discussions over a possible take-over were under way. In July, Southwest said the discussions had been discontinued.

Jefferson has now agreed to vote its 9.3 per cent stake as recommended by the Southwest board. The two companies have also sold each a corrugated container facility. Southwest has sold Smurfit its Chicago corrugated container plant, and Smurfit has sold to Southwest its container plant.

ERSKINE HOUSE, independent copier service concern, has acquired Transcopy Copiers, Nottingham-based sales and servicing company for £270,000.

Blue Circle to pay £63m for Williams

By David Goodhart

Blue Circle Industries, Britain's biggest cement manufacturer, yesterday revealed that it is paying $90m cash (£63.3m) for Williams Bros, a big ready-mixed concrete supplier in Atlanta, Georgia.

In common with other UK cement and aggregates companies, Blue Circle has been expanding its US interests as a balance to the relatively flat UK market. Its largest purchase, earlier this year, was Atlantic Cement, a subsidiary of Newmont Mining, for $145m.

It said yesterday that its US operation was now nearly as big as that in the UK. Cement sales are 6m tonnes a year in the US and 7m in the UK. The proportion of total group profit from the US is now likely to be over 20 per cent compared with about 30 per cent from the UK.

Blue Circle announced the provisional deal for Williams Bros last month but was under an agreement then not to release details. The deal is still subject to the formal approval of Williams' shareholders and the US Government.

Williams, a private company, will continue to operate under its present management. It is expected to report pre-tax profits of more than $16m for the 12 months to September 30 1985 on sales of about $230m. Book value of the net assets was approximately $34m.

It operates in three divisions. It has 30 ready-mixed concrete plants and a fleet of over 550 mixer trucks. Last year it delivered 3.2m cu yds of ready-mix concrete. It also operates six concrete building-block plants with a total output of about 30m blocks a year.

It also owns and operates a lumber and building materials group in the Atlanta area with nine retail stores and a sawmill and timber assembly plant. In addition it owns 2,300 acres of real estate with some development potential.

Blue Circle's share price fell 87p to close at 562p.

Xyllyx suspended

Shares in Xyllyx, the loss-making manufacturer of videotex equipment, were suspended at 4p on the USM yesterday. The company said it was halting the operations of its wholly-owned UK trading subsidiary and that it was in negotiations which could lead to the sale of the majority holding in it. In the last financial year, Xyllyx incurred pre-tax losses of £555,000 on turnover of £207,000. Mr James O'Hara, brought in as managing director last December in an attempt to turn the company round and who became chairman in June, was not available for comment.

COMPANY NEWS IN BRIEF

CHEPSTOW RACECOURSE, engaged in the promotion and running of race meetings, broke even in the first half of 1985 with profits of £629 compared with £11,065 previously. There were again 11 race days generating turnover of £329,289 (£341,000). The company does not pay interim dividends.

GERMAN SMALLER Companies Investment Trust had a net asset value of 110p per 50p share at the end of September, 1985, marking the trust's first report following its inception seven-and-a-half months ago. No interim dividend is payable, but the directors intend to declare a final in respect of the year ending next March.

AMBER INDUSTRIAL Holdings made a pre-tax profit of £481,000 for the half year to September 30, some 33 per cent up on the £319,000 reported in the comparable period last year. Turnover rose to £4.16m from £3.42m. Earnings per share rose to 11p from 6.25p and the directors have declared an interim dividend of 2.8p (2p) per share in respect of 1985-86.

CALEDONIA INVESTMENTS, a holding company, increased taxable profits from £3.19m to £3.99m over the six months to end-September, 1985. Earnings per share were up from 2.18p to 2.73p and the interim dividend is being raised by 0.3p to 2p.

OUTWICH INVESTMENT Trust reports an increase from 161.2p to 176.3p in its net assets per share in the six months to September 30 1985, and stated earnings per share improved from 2.09p to 2.33p, based on earnings of £1.18m (£1.05m). The interim dividend is raised from 1p to 1.1p net. Pre-tax revenue improved from £2.01m to £2.2m after administration expenses up from £101,000 to £135,000. Tax for the half-year was £733,000, against £662,000.

AVON INSURANCE, a wholly-owned subsidiary of the National Farmers' Union Mutual Insurance Society, is adding £10m to its disclosed capital and reserves by doubling its issued capital from £2.5m to £5m and creating an additional reserve of £7.5m. It is also increasing its authorised capital from £5m to £10m.

TELEVISION SERVICES International, the London-based USM quoted television, film and video facilities group, has moved a step closed to its stated aims of expanding activities in the TV commercials market by encouraging management buy-outs of the group production companies. Key employees, currently managing TSI's production companies, are organising management buy-outs with the full backing and support of the TSI board. Each of the companies subject to a management buy-out will continue to work closely with the TSI-Mollinare group.

NEW CAVENDISH ESTATES, property investor, says that as a result of the revaluation of a big part of its investment portfolio, its accounts for the year ended June 30 show an increase in revaluation reserve of £415,462. The overall increase in the group's reserves was £352,143 and net asset value per 5p share increased from 84p to 96p. Turnover was up from £752,469 to £839,763 and profit on ordinary activities before tax was £99,153 (£69,485). Tax took £9,198 (19,821) and there was an extraordinary credit of £262,576 (£223,721). The dividend is unchanged at 1.2p.

ABINGWORTH was seeing signs of an improvement in its sector which would be helpful in 1986 and beyond, Mr Anthony Montagu, chairman, told members at the annual meeting.

FT COMMERCIAL LAW REPORTS

Foreign bank not obliged to produce books held abroad for English court hearing

MacKINNON v DONALDSON, LUFKIN AND JENRETTE SECURITIES CORPORATION AND OTHERS
Chancery Division: Mr Justice Hoffmann: November 5 1985

IN THE absenca of exceptional circumstances the court will not order a foreign bank to produce documents relating to an account held in a foreign country for the purpose of English proceedings to which it is not a party.

Mr Justice Hoffmann so held when giving judgment for Citibank NA on its motion to set aside e subpoene and to discharge an order, requiring it to produce documents held in New York. The documents were required for the purposes of an action by Mr Kenneth MacKinnon against Donaldson, Lufkin and Jenrette Securities and Others, to which Citibank was not a party.

* * *

HIS LORDSHIP said that Mr MacKinnon, the plaintiff in the action, alleged thet he had been swindied ont of $250,000 by the two personal defendants.

Ha said they pretended that through certain American and Hong Kong companies and a Liechtenstein foundation they would procure him a loan of $360m to enable him to buy a property in Hong Kong. At their request be paid an advance fee of $250,000 into the account of Investment Advisory Services (1979) ("IAS"), a Bahamian company, at Citibank New York.

In truth, said Mr MacKinnon, there was never any intention or ebility to procure a loan. The transaction was simply a scheme to defrand. His ection was to recover the $250,000 and for damages. The trial was due to begin on November 25 1985.

IAS was named as defendant in the writ and ordinarily would have bad to disclose on discovery the documents concerning the operation of its account with Citibank. That would have shown, for example, on whose authority tha account was operated and what happened to the $250,000.

Unfortunately, however, IAS had ceased to exist. On January 26 1985 it was struck off the Bahamian Companies Register at the request of its Bahamian directors, on the ground that it had no assets or liabilities and was no longer operating.

Mr MacKinnoo therefore wished to obtain the books and documents from Citibank itself.

He served a subpoena, and an *ex parte* order under section 7 of the Bankers' Books Evidence Act 1879, on Citibank at its branch office in London.

The order required that Mr MacKinnon "be at liberty to inspect and take copies of any entries in the books" relating to the $250,000 paid into tha IAS account. The subpoena required tha bank to attend to give evidence on behalf of Mr MacKinnon and to produce "all correspondence . . . and any other documents or records" relating to the IAS account in New York.

Citibank, which was not a party to tha action, moved to set aside the subpoena and to discharge the order on the ground that they exceeded the international jurisdiction of the court, and infringed US sovereignty.

Mr McDonnell, for Mr MacKinnon argued that Citibank carried on business in London; had registered the names of persons within the jurisdiction euthorised to accept service of process on its behalf; and was recognised as a bank under the Banking Act 1979.

Therefore, it was argued, Citibank had submitted to the jurisdiction of the English court and could be required to comply with a subpoena in the same way as an English company. Unless there was some good reason for non-production, the fact that the documeots happened to be ont of the jurisdiction was no reason for discharging the subpoena.

It did not follow from the fact that a person was within the jurisdiction and liable to be served with process that there was no territorial limit to the matters upon which the court might properly apply its own rules or the things which it could order such a person to do.

*

The content of the subpoena and order was to require the production by a non-party of documents outside the jurisdiction concerning business transacted outside the jurisdiction.

In principle and on authority the court should not, save in exceptional circumstances, impose such a requirement upon a foreign corporation and in particular upon a foreign bank.

The principle was that e state should refrain from demanding obedience to its sovereign authority by foreigners in respect of their conduct outside the jurisdiction.

Tha Government had on several occasions objected to the application by US courts and agencies of tha US anti-trust laws to British companies in respect of their conduct outside the US. It had also objected to demands made on such companies for the production of documents situated outside the US concerned with transactions taking place abroad.

Conversely, the subpoena and order in the present case, taking effect in New York, were an infringement of tha sovereignty of the US.

The need to exercise tha court's jurisdiction with due regard to the sovereignty of others was particularly important in the case of banks.

Banks were in a special position because their documents were almost invariably concerned not only with their own business, but with that of customers. They would owe their customers a duty of confidence regulated by the law of the country where the account was kept.

That duty was in some countries reinforced by criminal sanctions, and sometimes by "blocking statotes" which specifically forbade the bank to provide information for the purpose of foreign legal proceedings.

If every country where a bank happened to carry on business asserted a right to require it to produce documents relating to accounts kept in any other country, banks would be in the unhappy position of being forced to submit to whichever sovereign was able to apply the greatest pressure.

The nature of banking business was such that if an English court invoked its jurisdiction even over an English bank in respect of an account at a branch abroad, there was a strong likelihood of conflict with the bank's doties to its customers under local law.

R. v Grossman [1981] 73 Cr App R 302 decided that an order in respect of documents held at a bank's foreign branch or bead office should not be made save in very exceptional circumstances.

The present case did have one very unusual feature, namely that the customer to whom any duty of confidence was likely to be owed under New York law had ceased to exist.

Compliance with the order was therefore highly unlikely to involve Citibank in any civil liability in New York, and Mr MacKinnon had offered to indemnify it against any liability which might arise. There was no suggestion that compliance would in any other respect be unlawful by New York law.

On the other hand, it would be wrong to undertake a process of weighing the interests of English administration of justice against the interests of the US.

It was inappropriate to decide tha matter on a balance of convenience between the plaintiff and the bank. In a case like the present where alternative legitimate measures were availabla (Citibank was willing to co-operate in obtaining an appropriate New York order), infringement of sovereignty could seldom be justified except perhaps on the grounds of urgent necessity.

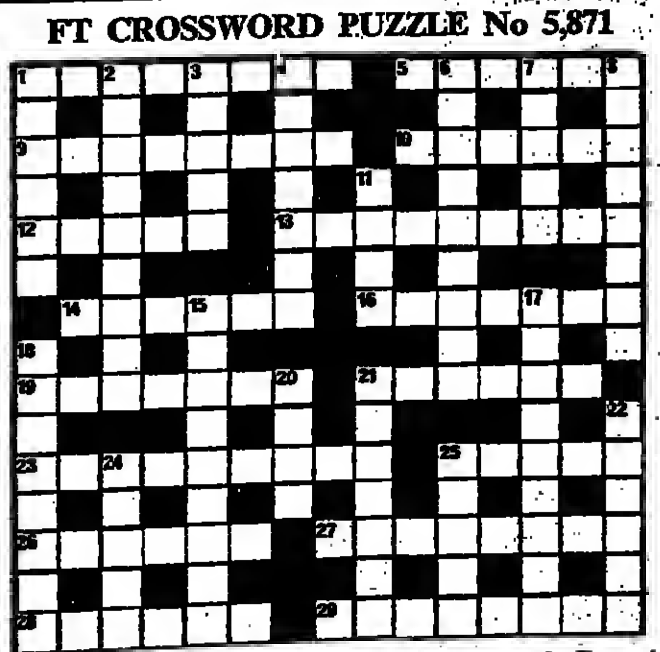
There was no question of bot pursuit. The money had almost certainly been long ago spirited away. Mr MacKinnon had no satisfactory explanation as to why be had left it so late.

In those circumstances the principle in *Grossman* should be followed and the order and subpoena discharged.

For Mr MacKinnon: John McDonnell QC (Compton Carr).
For Citibank: Jonathan Hirst (Coward Chance).

By Rachel Davies
Barrister

FT CROSSWORD PUZZLE No 5,871



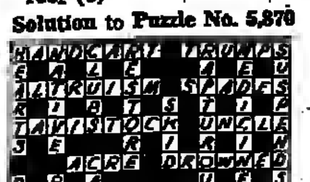
ACROSS

1 It's cheep, surprisingly, this pot-pourri (8)
5 For example, grand trophy that is on the table early (6)
9 Fin. Times ordered for advocate of women's rights (8)
10 Pancake, perhaps, put into shape (4, 2)
12 See-through runner? (5)
13 Beef-consultant to the public? (9)
14 Worn out, always, in the country (6)
16 Paint pet article (7)
19 Sense and Sensibility (7)
21 Polish or polish off (6)
23 Hide away quarter on Queer St. perhaps (9)
25 County that is lower after Aberdeen (5)
26 Vet's charge for turning over layer? (6)
27 Self-banking aircraft? (8)
28 Regularly finding Bede, say, in cathedral city (6)
29 Victorian brilliance of Georgia Small (8)

DOWN

1 Two *fellows* in heap of rubbish (6)
2 Army signals more phase out (9)
3 Close to The Bull, Victor loses his head (5)
4 Biography reveals Henry is conservative (7)
6 Alice's catch-22, perhaps? (9)
7 Flower that can turn (5)
8 Pay casual visit to Gatsby—a foppish fellow (8)
11 Egg on a steak, we hear (4)
15 Government halt while order is restored (9)
17 Casual *midshipman* embarking (4-5)
18 Start of race by Wells Fargo not seen from stalls (8)
20 Way out way of walking, some say (4)
21 Prescribed method for raising a top-hat? (7)
22 Beau sent by agency? (6)
24 Entirely desert out east (5)
25 A duty paid to see a coral reef (5)

Solution to Puzzle No. 5,870



APPOINTMENTS

Chairman of Finlan

Mr Michael W. Rhode has been elected chairman of JOHN FINLAN in succession to Mr John Finlan. Mr David Jamieson has been eppointed sole managing director in succession to Mr Gerald G. S. Ames. Both Mr J. Finlan and Mr Ames remain executive directors.

*

Extel Advertising and PR has become THE EXTEL CONSULTANCY with Mr Frank Barnard as chairman and Mr Alan Pegley as managing director. The other directors are Mr Fred Barlow and Mr Stanley Gale (financial public relations); Mr David Harrison and Mr Michael Southgate (corporate public relations); Mr Philip Gregory, Mr Kenneth Hinkley, Mr Clive Johnson and Mr Martin Larder (financial/corporate advertising); Mr Christopher Maude-Roxby and Mr Robert Lewis (industrial/technical public relations); and Mr Martin Turner, Mr Roland Jack, Mr Antoni Mroczek and Mr Phillip Willcocks (design and creative). The Extel Consultancy will incorporate the activities of the EAPR subsidiary companies, Extel Public Relations, Extel Advertising and Turner Porter Associates with effect from December 1.

*

Mr G. E. K. Foster has retired as a director of YORKSHIRE BANK. He had been on the board since 1980 as a representative of Williams & Glyn's. Mr G. Peter Webster has been nominated by the Royal Bank of Scotland to take Mr Foster's place on the board of Yorkshire Bank.

Mr Wabster is a general manager and legal adviser of the Royal Bank of Scotland, and serves on the board of a number of subsidiaries including Charterhouse Japhet, Royal Bank of Scotland Group Insurance Company and Royal Bank Leasing.

*

Mr Alastair Day and Mr David Pearce have been promoted to the board of TECHNOLOGY FINANCE, sales aid leasing company in Technology Group. Mr Day will take responsibility for operations and business development; and Mr Pearce will control sales. Technology Group has acquired New World Business Systems, an authorised IBM personal computer dealer, which will now trade as Technology Business Computers. Mr John Wright, previously sales director of New World, becomes a director of the new company.

*

DONALD MACPHERSON GROUP has appointed Mr Charles Wenham as group chief executive. He comes from Lazard Brothers and prior to that was group managing director of SKETCHLEY.

*

AGENT PLANT HIRE, part of the Trafalgar House Group, has appointed Mr Norman F. Wright as managing director; Mr Edward Alger as assistant managing director; Mr Brian Shaw as director, power tools division; Mr Den Bennett as director and regional depot controller; and Mr John Evans as finance director. Mr David Spencer has been appointed managing director of Delta Plant, part of Agent Plant.

*

NORWOOD PARTITIONS has appointed Mr John Wilson as sales director, promoted from sales manager.

*

FINANCIAL CLEARING AND SERVICES (UK) recently formed by stockbrokers Hoare Govett and Security Pacific National Bank to offer securities execution and settlement services after de-regulation at The Stock Exchange has made the following appointments. Mr Michael Mercer, bead of Hoare Govett's settlement operations, will be managing director. Mr Alan Clements, settlements manager at Sheppards and Chase, will become operations and implementation director. Mr Stephen Pinner, stockbroker services manager at Centre-file and a director of Extel, joins as marketing director. Mr Roy Bellman and Mr Mike Nelson have been appointed as the UK settlements director and international settlements director respectively.

Mrs Mary Lou Carrington, marketing director of LIFFE

Mrs Mary Lou Carrington has joined THE LONDON INTERNATIONAL FINANCIAL FUTURES EXCHANGE (LIFFE) as marketing director. Her first assignment will be to direct the marketing task force to expand LIFFE'S coverage. Mrs Carrington was associate *director of First Chicago*, with responsibilities in the investment banking group—international capital markets. "Mary Lou's substantial background in international capital markets, in Paris, Munich and London will considerably strengthen our marketing force, especially ber work in treasury and releted risk management," said Mr Michael Jenkins, LIFFE'S chief executive.

*

THE PERRING FURNISHING GROUP has formed a naw trading subsidiary, Perrings Home Furnishing, which will be responsible for the Perrings store and shop-in-shop operations. The new joint managing directors of Perrings Home Furnishing are Mr Brian Perring (store operations) and Mr Malcolm Perring (marketing), with executive directors Mr Michael Lanning (merchandise), and Mr Richard Skeet (accountant). Mr John Perring (chairman), Mr I. G. Thomson (vice chairman) and Mr John Lewis (company secretary) will constitute the remainder of the board.

*

Mr Ian Hendriks has been appointed a non-executive director of SNOWDON & BRIDGE.

*

Mr Julian Bray has joined GRANDFIELD RORK COLLINS FINANCIAL as a senior account director with specific responsibilities for the personal finance sector. He joins from Extel Advertising and PR.

*

Mr Gordon Lane has been appointed regional executive director of NATIONAL WESTMINSTER BANK'S eastern regional offices, Nottingham. He succeeds Mr Neville Drane who retires at the end of December.

FT UNIT TRUST INFORMATION SERVICE

AUTHORISED UNIT TRUSTS

CONTINUED OVERLEAF

AUTHORISED UNIT TRUSTS & INSURANCES

Oppenheimer Fund Mngt Ltd
66 Cannon St, London EC4N 6AE — Dlg. 01-236 3885

International Growth	97.5	103.8	-1.0	1.40
Income & Growth	43.2	46.0	+0.2	3.00
Special Situations	54.3	57.8	-0.3	1.50
American Growth	26.1	27.8		1.00
Japan Growth	34.8	37.0	-0.1	—
European Growth	42.1	45.0	-0.5	2.80
UK Growth	41.6	44.5	-0.1	0.90
Pacific Growth	32.5	34.7	-0.2	2.20
High Income	28.7	30.7	+0.1	7.40
Practical Income Units	43.6	46.4	-0.1	2.70
Practical Accum. Units	78.4	83.5	-0.1	2.70

Pearl Trust Managers Ltd. (a)(g)
252, High Holborn, WC1V 7EB. — 01-405 8441

Pearl Growth Fd.	67.6	71.9	-0.1	3.43
Accum Units	100.0	106.4		3.43
Pearl Inc.	95.6	101.7	+0.1	4.92
Pearl Unit Tst.	100.9	107.3	-0.1	3.92
(Accum Units)	170.4	181.3	-0.2	3.92

Perpetual Unit Trust Mngmt. (a)
48, Hart Street, Henley on Thames. — 0491 576868

Growth	204.1	219.0	-0.4	1.48
Income	148.5	159.1	-0.9	5.44
Worldwide Recovery	115.5	124.0	+0.1	2.11
American Growth	56.6	59.7	+0.9	1.06
Intl. Emerging Cos	60.6	65.1	-0.2	0.69
Far East Growth Fd.	52.3	56.1	—	1.00

Prolific Unit Trusts
222, Bishopsgate, EC2. — 01-247 7544/7

Prolific Far East	112.3	119.5	-1.7	0.23
Prolific Extra Inc.	67.1	71.2	+0.3	9.39
Prolific Convert & Gil	84.2	89.3	-0.1	7.02
Prolific High Inc.	142.1	150.7	+0.4	4.99
Prolific Intl.	87.0	92.5	+0.1	1.73
Prolific N. Amer.	114.3	121.4	+0.5	7.84
Prolific Spec. Sits	158.5	168.1	+0.2	1.47
Prolific Technology	96.4	102.6	+0.7	0.71

Providence Capital Fd. Mgrs. Ltd.
30 Uxbridge Road, London, W12 8PG — 01-749 9111

Japan Inc.	54.1	57.3	...	—
Japan Acc.	54.2	57.4		—
Worldwide Inc.	52.7	55.8	-0.2	2.23
Worldwide Acc.	53.2	56.4	-0.2	2.23
European Tst Inc.	61.8	65.4	+0.6	1.17
North American Inc.	47.5	50.3	—	2.32
UK Equity Inc.	84.8	90.0		3.66

Prudential Unit Trust Mngrs Ltd. (a) (b) (c)
51-69, Ilford Hill, Ilford, Essex, IG1 2DL — 01-478 3377

Holborn Equity Tst.	340.0	361.7	-0.1	3.36
Holborn European Trust	55.5	59.0	+0.9	1.07
Holborn Gilt Tst.	156.6	163.9	+0.1	8.07
Holborn High Inc.	57.3	60.9	+0.1	6.80
Holborn Intl Growth	68.0	72.3	—	0.72
Holborn Japanese Trust	53.7	51.1	-0.2	0.06
Holborn N. Amer. Trust	51.5	51.7	+0.6	2.20
Holborn UK Growth	68.1	72.4	-0.1	2.96

Quilter Management Co. Ltd.
31-45 Gresham Street, EC2. — 01-600 4177

Quadrant Gen. Fd.	343.5	365.5		3.45
Quadrant Income	193.0	205.4		5.54
Quadrant Intl Fund	307.1	323.9	+6.4	1.49
Quadrant Spec. Sits.	208.5	221.9	..	2.59

Reed Stenhouse Inv Services Ltd
145 Borough High St, Ldn SE1 1NV — 01-628 6011

Wellington Inc.	54.7	58.2	.	6.00
Wellington Growth	112.8	120.0	.	2.00

Reliance Unit Mgrs. Ltd.
Reliance Hse, Tunbridge Wells, Kent. — 0892 22271

British Life	138.5	149.0	+0.5	4.03
Reliance Unit Tst (Inc.)	89.2	95.3	+0.4	4.01
Reliance UK Tst (Acc)	117.0	125.0	+0.5	4.07

Swiss Life Pen. Tst. Man. Co. Ltd.(a)(c)
99-101 London Rd, Sevenoaks. — 0732 450161

Equity Dist.*	232.9	246.4	..	3.91
Equity Acc.*	276.4	292.4	...	3.91
Fixed Int. Dist.†	120.1	124.4		10.87
Fixed Int. Acc.†	169.5	175.6		10.87

*Prices on Nov 1. Next dealing Nov 13.
†Prices on Nov 6. Next dealing Dec 4.

TSB Unit Trusts (b) (c) (y)
PO Box 3, Keens Hse, Andover, Hants, SP10 1PG
0264 62188. Dealings to 0264 63432-3

TSB American	93.0	99.8	+0.6	1.36
Do. Accum.	97.6	103.9	+0.6	1.36
TSB Extra Income	89.1	95.5	+0.5	5.93
Do. Accum.	103.3	109.9	+0.6	5.93
TSB General	128.9	137.1	+0.1	3.19
Do. Accum.	208.7	222.0		1.20
TSB Gilt & Fxd Int.	46.6	48.6	-0.1	9.14
Do. Accum.	58.5	61.0	-0.1	9.14
TSB Income	178.9	190.4	+0.3	4.68
Do. Accum.	269.4	287.2	+0.5	4.68
TSB Pacific	109.1	116.1		0.62
Do. Accum	111.8	119.0	-0.1	0.62
TSB International	239.0	254.3		2.02
Do. Accum	293.1	311.9	..	2.02
TSB Natural Resources	42.3	45.1	+0.2	2.05
Do. Accum	43.2	46.0	+0.3	2.05
TSB Smlr Coys.	49.4	52.6	+0.2	2.11
Do. Accum	53.7	57.2	+0.2	2.11

3i & Target Fund Mgrs Ltd
2 St Mary Axe, London EC3A 8BP — 01-928 3356

Small Co's Fund	66.2	70.4	-0.1	0.10

Target Trust Mngrs. Ltd. (a)(g)
Target Hse, Gatehse. Rd, Aylesbury Bks — (0296) 5941

American Eagle	66.4	71.0	+0.2	0.41
Australia	30.7	32.7	-0.4	0.10
Commodity	79.1	85.1	-0.1	2.73
Energy	37.4	40.0	+0.1	2.56
Equity	109.0	116.3		3.19
European Spec. Sits.	65.0	69.5	+0.2	0.64
Extra Income	94.3	100.9	-0.3	7.16
Financial	221.9	236.7		2.15
Gilt Capital	223.5	233.5	-0.2	3.25
Gilt Income	100.9	105.7	-0.1	0.47
Gold Income	50.7	54.2	+1.1	2.30
Gold Acc.	92.1	98.7	+1.9	2.60
Income	66.9	71.9		5.73
Japan	51.6	55.0	+0.1	0.10
Malaysia & Singapore	23.2	24.7	+0.1	1.38
Pacific Income	65.1	69.8	-0.3	0.10
Pacific Re Inv.	80.7	89.8	-0.3	0.10
Preference Share	16.4	17.7		9.88
Special Sits	79.1	84.6	+0.2	0.88
Technology	38.3	41.0	+0.4	0.10
UK Capital	54.4	50.0		2.08
U.S. Special Bond	47.5	50.8	-0.1	6.53
Worldwide Capital	116.3	124.0	.	2.01
Equity Exempt Nov 5	673.1	710.0		2.23
Equity Ex Acc Nov 5	1,237.3	1,319.8		2.23

Temple Bar Unit Tst Mngrs Ltd see under Guinness Mahon

Touche, Remnant Unit Trust Mngt. Ltd.
Mermaid Hse, 2 Puddle Dock, EC4. — 01-248 1250

TR American Growth	28.0	30.1	+0.1	1.0
TR General Growth	44.1	44.1	+0.1	3.01
TR Global Tech.	28.5	30.1		0.1
TR Income Growth	49.5	51.3	-0.1	5.02
TR Income Monthly	41.2	43.9	-0.2	7.21
TR Japan Growth	24.4	26.0	+0.1	0.18
TR Overseas Growth	33.2	35.5	-0.1	1.62
TR Smaller Cos.	47.0	50.1		2.22
TR Special Opt.	48.9	52.7	+0.1	1.96

Trades Union Unit Trust Managers
100, Wood Street, EC2. — 01-628 8011

Allied Dunbar Assurance PLC
Allied Dunbar Ctr, Swindon SN1 1EL. — 0793 28291

Fixed Int. Dep. Acc.	209.7	220.8	—	—
Equity Acc.	536.1	564.5	—	—
Property Acc.	306.9	323.1	—	—
Far East Acc.	104.0	109.5	—	—
Managed Cap.	278.7	293.4	—	—
Managed Acc.	442.1	465.4	—	—
O'seas Earnings Acc.	351.5	370.0	—	—
Gilt Edged Acc.	244.5	257.4	—	—
American Equity Acc.	299.3	315.1	—	—
American Man. Acc.	148.1	155.9	—	—
American Prop Acc.	121.3	127.7	—	—
Pen. F.I. Dep. Cap.	230.3	242.5	—	—
Pen. F.I. Dep. Acc.	347.9	366.3	—	—
Pen. Prop. Cap.	372.4	392.0	—	—
Pen. Prop. Acc.	621.5	654.3	—	—
Pen. Man. Cap.	552.1	581.2	—	—
Pen. Man. Acc.	920.1	968.6	—	—
Pen. Gilt Edg. Cap.	254.0	267.4	—	—

Confederation Life Insurance Co
50 Chancery Lane, WC2A 1HE — 01-242 0282

Life Funds

Managed Fund	494.3	520.5	—	—
Equity Fund	561.1	590.6	—	—
International Fund	187.5	197.3	—	—
Fixed Interest Fund	167.8	176.6	—	—
Property Fund	119.4	126.2	—	—
Index Linked Fund	109.9	115.6	—	—
Cash Deposit Fund	120.3	126.6	—	—
PIP Fund		1,511.5		—

Individual Pension Funds

Personal Pen. Managed	292.7	308.1	—	—
Staffward Managd Pen.	292.7	308.1	—	—

Group Pension Funds

Group Mixed Pension		794.7		—
Equity Pension		1,291.1		—
International Pension		244.8		—
Fixed Interest Pension		632.0		—

General Portfolio Life Ins. PLC
Crossbrook St., Cheshunt, Herts. — 0992 31971

Portfolio Fd Acc.	342.8	342.8	—	—
Portfolio Fd Inc.	260.1	260.1	—	—
Portfolio Fd. Int. A	347.7	360.9	—	—
UK Equity	156.6	164.9	—	—
Overseas Equity	115.7	121.8	—	—
Smaller Companies	99.0	104.2	—	—
Gilt Plus	108.4	114.7	—	—
Gilt Plus 88	106.2	111.9	—	—
Fixed Int Dep.	105.3	110.9	—	—
Managed	134.2	141.3	—	—
Intl Man.	121.6	127.8	—	—

Gresham Unit Assurance Ltd.
2-6, Prince of Wales Rd., B'mouth. — 0202 767655

Managed Fd.	347.0	365.3	—	—
Money Fd.	173.1	184.3	—	—

Legal & General (UA)—Contd.
Kingswood House, Kingswood, Tadworth, Surrey KT20 6EU — Burgh Heath 53456

Ex. Bldg. Soc. Lnkd	101.2	106.6	+0.1	101.1
Do Accum.	103.8	109.3	+0.1	—
Exempt Cash Init.	181.6	191.3	+0.2	—
Do Accum.	235.0	247.4	+0.2	—
Exempt Eqty Init.	531.8	559.8	+0.8	—
Do Accum.	688.2	724.5	-0.3	—
Exempt Fixed Init.	301.4	317.3	-0.3	—
Do. Accum.	390.0	410.6	-0.4	—
Ex. Index Lnk. Gilt	99.2	104.5		—
Do. Accum.	109.7	115.5		—
Exempt Intl Initial	151.3	150.3	+0.9	—
Do. Accum.	175.7	185.0	+0.6	—
Exempt Mangd. Init.	406.6	428.1	+0.5	—
Do. Accum.	526.2	553.9	+0.6	—
Exempt Prop. Init.	182.4	192.1		—

INSURANCE, OVERSEAS & MONEY FUNDS

Scottish Life Investments
19 St Andrew Square, Edinburgh. 031-225 2211

Property	106.4	112.1		—
UK Equity	137.4	144.7	-0.5	—
American	124.1	131.3	+0.6	—
Pacific	111.4	117.4	-0.2	—
European	145.1	152.8	+0.2	—
International	123.3	129.9		—
Fixed Interest	105.5	111.1		—
Index Linked	100.5	105.8		—
Deposit	105.6	111.3	+0.1	—
Managed	119.0	125.3		—
Pens. Property	111.7	117.7	+0.1	—
Pens. UK Equity	146.0	153.8	-0.7	—
Pens. American	129.9	136.8	-0.5	—
Pens. Pacific	114.2	120.3	-3.3	—
Pens. European	154.7	162.9	+0.1	—
Pens. International	129.2	136.1		—
Pens. Fixed Int.	110.5	116.4		—
Pens. Index Linked	101.0	109.3		—
Pens. Deposit	113.2	119.2	+0.1	—
Pens. Managed	125.3	132.0		—

Scottish Mutual Assurance Society
109 St Vincent St, Glasgow. 041-248 6321

Flex End Dec 15	633.0	652.4		—
Pen Mngd Sept 30	421.1	434.1		—

Scottish Mutual Investments

Sun Life Unit Assurance Ltd.
St James Barton, Bristol BS99 7SL. 0272 426911

Managed Acc.	337.4	355.2	+0.5	—
Property Acc.	203.8	214.5		—
Equity Acc.	473.1	498.0	+0.4	—
Fixed Interest Acc.	189.6	199.6	-0.2	—
Index-Linked Acc.	107.1	112.8		—
Cash Acc.	170.7	179.7	+0.1	—
American Equity Acc.	166.1	174.9	+1.2	—
U.S. Growth Acc.	102.4	107.8	-0.2	—
Japan Acc.	129.2	136.1	-0.1	—
Pacific Acc.	106.7	112.4	+1.1	—
Far Eastern Acc.	262.5	276.3	+0.4	—
International Acc.	249.5	262.7	+0.6	—
U.S. Dollar Acc.	95.7	100.8		—
Yen Acc.	110.5	116.4	-0.2	—
European Currency Acc.	100.7	106.1	-0.5	—
Distribution	152.6	160.7		9.38

Sun Life Pensions Management Ltd

Pens. Managed Acc.	341.9	359.9	+0.7	—
Pens. Property Acc.	166.1	174.9	+0.1	—
Pens. Equity Acc.	448.3	471.9	+1.1	—
Pens. F. Interest Acc.	181.9	191.5	-0.2	—
Pens. Ind. Link. Acc.	106.5	112.2		—
Pens. Cash Acc.	176.7	186.1	+0.1	—
Pens. Amer. Equity Acc.	138.8	146.2	+1.3	—

OFFSHORE AND OVERSEAS

World Fund S.A.
2 Boulevard Royal, Luxembourg

World Fund NAV	£11.95	-0.06	—

World Wide Growth Management
10a Boulevard Royal, Luxembourg

Worldwide Gth Fd	$15.70		—

Yamaichi Dynamic Mngt Co SA
10A Boulevard Royal, Luxembourg

Advanced Tech	$11.65		—
Dynamic Gwth Fd	$10.44		—

Money Market Trust Funds

	Gross	Net	Gr Equiv C.A.R.	Int Cr

The Charities Deposit Fund
77 London Wall, London EC2N 1DB 01 588 1815

Deposit	11.10		—	3-Mth

The Money Market Trust
63 Qn Victoria St, EC4N 4ST 01-236 0952

Call Fund	11.47	8.47	12.51	Mth
7-day Fund	11.59	8.60	12.71	Mth

Oppenheimer Money Management Ltd
66 Cannon St, EC4N 6AE 01 236 1425

Call Fund	10.97	8.20	12.09	6-Mth
7-day Fund	11.04	8.25	12.19	6-Mth
Dollar	8.90		—	6-Mth

Money Market Bank Accounts

	Gross	Net	Gr Equiv C.A.R.	Int Cr

Adam & Co. plc
22 Charlotte Sq, Edinburgh, EH2 4DF 031 225 8484

Full Service Chq Acc.	11.25	8.00	11.76	Qtr

Aitken Hume
30 City Road, EC1Y 2AY. 01-638 6070

Treasury Acc.	11.00	8.22	12.11	Qtr
Mth. Int. Chq.	11.000	8.23	12.10	Mth

Allied Arab Bank Ltd
97-101 Cannon St, London, EC4N 5AD 01-283 9111

HIBCA	11.50	8.60	12.76	Mth

Bank of Scotland
38 Threadneedle St, EC2P 2EH. 01-628 8060

Money Mkt Cheque Acc.	11.00	8.22	12.18	Mth

Barclays Prime Account

J. Henry Schroder Wagg & Co Ltd
Enterprise House, Portsmouth 0705 827733

Special Acc.	11.00	8.22	12.30	Mth
Over £10,000	11.25	8.41	12.49	Mth

Western Trust & Savings Limited
The Moneycentre, Plymouth PL 1SE 0752 24141

High Int Chq Acc.	11.50	8.64	13.74	Qtr

NOTES—Gross: rate to those exempt from composite rate of tax. Net: actual rate after deduction of CRT. Gr Equiv CAR: Gross equivalent to basic rate taxpayers—compounded annual rate. Int Cr: frequency interest credited.

NOTES

Prices are in pence unless otherwise indicated and those designated $ with no prefix refer to U.S. dollars. Yields % (shown in last column) allow for all buying expenses. a Offered prices include all expenses. b Today's prices. c Yield based on offer price. d Estimated. g Today's opening price. h Distribution free of UK taxes. p Periodic premium insurance plans. s Single premium insurance. x Offered price includes all expenses except agent's commission. y Offered price includes all expenses if bought through managers. z Previous day's price. ¶ Guernsey gross. ● Suspended. ♦ Yield before Jersey tax. † Ex-subdivision. ‡‡ Only available to charitable bodies. ● Yield column shows annualised rates of NAV increase. xd ex dividend.

OPTIONS

3-month call rates

Industrials	p		p
Allied-Lyons	28	Marks & Spencer	13
BAT	26	Midland Bk.	35
BOC Grp.	27	NEI	10
BSR	8	Nat West Bk	55
BTR	33	P & O Dfd	35
Babcock	13	Plessey	14
Barclays	33	Polly Peck	21
Beecham	30	Racal Elect.	15
Blue Circle	50	RHM	12
Boots	18	Rank Org Ord.	35
Bowaters	30	Reed Intnl.	60
Brit Aerospace	32	Sears	11
Brit Telecom	17	TI	35
Brown (J.)	3½	Tesco	24
Burton Ord	45	Thorn EMI	34
Cadburys	13	Trust Houses	12
Charter Cons.	18	Turner Newall	9½
Comm Union	23	Unilever	90
Courtaulds	13	Vickers	35
Distillers	36	**Property**	
FNFC	12	Brit Land	14
Gen Accident	55	Land Secs	26
Gen Electric	14	MEPC	26
Glaxo	100	Peachey	24
Grand Met	30	Samuel Props	15
GUS 'A'	70	**Oils**	
Guardian	60	Brit. Oil & Min	3½
GKN	20	Brit Petroleum	45
Hanson Tst	18	Burmah Oil	27
Hawker Sidd	36	Charterhall	4
ICI	42	Premier	5
'Imps'	16	Shell	55
Jaguar	27	Tricentrol	18
Ladbroke	27	Ultramar	10
Legal & Gen	60	**Mines**	
Lex Service	24	Cons. Gold	40
Lloyds Bank	35	Lonrho	12
Lucas Inds	38	Rio T Zinc	50

A selection of Options traded is given on the London Stock Exchange Report Page.

COMMODITIES AND AGRICULTURE

India to set higher tea export target

INDIA WILL set a higher tea export target for 1986 than this year's 220m kilos, according to a senior Commerce Ministry official, reports Reuter from New Delhi.

Production in 1985 has been sufficient to allow exports at least 10m kilos above the target, he said. The total was likely to reach 655m kilos, 5m above target and 23m more than 1984 output, be added.

"We expect to set the 1986 target by the end of this month in consultation with representatives of the tea industry," the official said.

In London meanwhile prices were a little lower at the weekly tea auction. Medium grade tea was 3p down from last week's level at 136p a kilo and lower medium fell 1p to 103p a kilo. Quality grade was unchanged at 175p a kilo.

The Tea Brokers' Association said demand for the 30,367 packages on offer was "fair," but added that the market continued to be "highly selective."

● FARM credit conditions are still deteriorating according to 1,140 agricultural bankers surveyed by the American Bankers Association (ABA).

The survey said that over two-thirds of the respondents reported a decline in the overall quality of their farm loan portfolios during the year ended last June. It was the largest proportion to report a decline in the 10 years the survey has been conducted.

● WORKERS at Bangladesh's biggest jute mill called off a week-long strike after talks with President Hossain Mohammad Ershad, state radio said. Nearly 26,000 workers of the Adamjee mill on the outskirts of Dhaka struck over deduction of advance pay given in August. Police opened fire when several hundred strikers refused to leave the mill ground. Two workers were killed.

After intensive talks, the President accepted the workers' demands not to deduct money and to hold a judicial inquiry into the police shooting, the radio said.

● BRAZILIAN coffee exporters said the volume they must deposit with the Brazilian Coffee Institute (IBC) has been cut by half to one 60-kilo bag for every bag registered for export, effective immediately. This followed a meeting of IBC president Mr Carlos Alberto Leite Barbosa, Industry and Trade Minister Mr Roberto Gusmao and Finance Minister Mr Dilson Funaro on ways to cut domestic prices. Our coffee costs 20 per cent more internally than on the international market," newspapers quoted Mr Gusmao as saying.

Mr Barbosa was reported as saying after the meeting that the IBC did not intend to sell stocks currently standing at 2.75m bags.

● INDONESIAN coal output is expected to nearly double in 1986 to around 3m tonnes, the official Antara news agency said in Jakarta.

Mines and Energy Minister Subroto, quoted by the agency, said the newly-reopened Bukit Asam coal mine, south Sumatra, is expected to produce 500,000 tonnes this year, 1m in 1986 and 2.9m in 1987.

Indonesia's total coal output this year is expected to reach around 1.75m tonnes, up from 1.45m in 1984.

Canada backs lead smelter

BY BERNARD SIMON IN TORONTO

A CANADIAN Government agency is to become a preferred shareholder in Cominco, the Vancouver-based mining group, as part of official financial support for the company's proposed new lead smelter at Trail, British Columbia.

The Federal Business Development Bank will pay C$69m for Cominco preferred shares to help finance the C$270m project, which is designed to replace the existing 40-year-old smelter with a low-cost flash smelting unit.

Cominco said that some issues remained to be resolved before construction starts, including its request for a cut in provincial water rentals. The first phase of the project is due for completion in 1988.

The trail smelter produced 117,700 tonnes of refined lead last year (about 87 per cent of capacity), as well as 259,100 tonnes of zinc and smaller quantities of silver and gold. A C$300m renovation of the zinc refinery was completed recently.

Cominco also announced that the Alberta Government has given approval for construction of a C$6m nitrogen fertiliser plant at Joffre, Central Alberta.

The project, with an annual capacity of 350,000 tonnes of anhydrous ammonia, is a joint venture with Alberta Energy Company, in which the Alberta Government is a substantial shareholder. The plant is due for completion in 1987.

LONDON METAL EXCHANGE WAREHOUSE STOCKS
(Change during week ending last Friday)

	(tonnes)
Aluminium	−4,400 to 207,625
Copper	−1,325 to 195,025
Lead	+4,550 to 50,825
Nickel	−444 to 3,828
Tin	+9,565 to 48,260
Zinc	−2,575 to 36,575
	(ounces)
Silver	−500,000 to 53,194,000

LME tin stocks rise to record level

By Stefan Wagstyl

TIN STOCKS held on the London Metal Exchange have risen to a record 48,260 tonnes in the wake of the international tin crisis.

They increased by 9,565 tonnes last week, as banks which hold tin as collateral for loans to the International Tin Council, moved their metal into LME warehouses, from unregistered stores.

The banks have clearly acted to improve the marketability of their tin in case they want to sell when LME tin trading resumes next Monday.

LME dealers said that some of the tin had come from Malaysia, the world's largest producer, but most of it had already been stored in Europe.

The increase in official LME stocks means that most of the 62,000 tonnes of tin in the ITC stockpile, built up to defend tin prices and pledged to banks, is now easily available to the market for cash sales.

Africa drought-hit countries need $1.5bn in cash says UN

BY ANATOLE KALETSKY

DROUGHT-STRICKEN countries in Africa will need a further $1.5bn to $2bn in emergency aid next year, despite the very good harvests which are now expected in most parts of the continent, Mr Maurice Strong, Executive Director of the UN Office for Emergency Operations in Africa, said yesterday.

But most of this help will be required in the form of cash, instead of food aid. This will make it much harder to obtain from industrialised country governments than the $2.3bn raised for Africa this year, warned Mr Strong.

A total of 4.5m tonnes of food grains were shipped to Africa this year by governmental and private donors. But next year's needs are likely to be less than 1m tonnes, Mr Strong said in London. If donor governments decide to maintain current levels of food aid they could deepen dependence and damage the fragile recovery of Africa's agricultural economy.

However, other forms of emergency aid, including medicines, logistical support and cash assistance will continue to be desperately needed, despite the likelihood that most African countries will become self-sufficient in food once the approaching harvets are brought in.

Without additional aid millions of Africans could go on starving next year, said Mr Strong, because they will not have the money to buy the food produced in surplus areas of their own countries. The 30m people who were most severely afflicted by the drought have "lost everything," he pointed out. They will not be able to resume productive lives without outside assistance.

Mr Strong said that the UN would be launching an international appeal, once next year's aid requirement is calculated more precisely, probably sometime in December. A further $300m will also need to be raised within the next few months to cover this year's additional requirements. A special appeal to raise about $100m for Sudan is likely to be announced within the next few weeks, he said.

Farm trade liberalisation urged

BY JAMES BUXTON IN ROME

MR EDOUARD SAOUMA, director general of the UN Food and Agriculture Organisation (FAO), yesterday put forward a three-point plan to deal with the threat to agricultural exporting countries presented by the mounting problems affecting world trade.

In his opening address to the organisation's biennial conference Mr Saouma said that not only were world prices in agricultural commodities declining, but that even in the medium-term "we foresee scant possibility of renewed dynamism in agricultural trade." Demand for most commodities will rise more slowly in this decade than it did in the 1970s.

He suggested three possible solutions.

First, he said, industrialised countries must help the poorer countries to earn their living through trade by lowering existing trade barriers and by not enacting new protectionist measures. "There should be a halt to subsidised exports from richer nations which enter into direct competition with the products of the Third World," Mr Saouma said.

Secondly, trade between developing countries should be fostered. Though it now accounts for a quarter of all the agricultural exports of the developed nations, there is much scope for liberalisation, and negotiations among developing countries for a global system of trade preferences are still at an early stage.

Thirdly, exporters of tropical products should co-ordinate their production and investment plans. "If this is not done a stagnant market can all too easily be pushed into collapse by the untimely expansion of production."

Mr Saouma said that the picture in food and agriculture "is in many respects favourable indeed." The year 1985 had been satisfactory in most regions and global food production is likely to have grown a little faster than population.

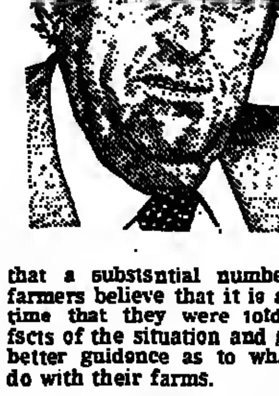
Africa, he said, had shown a good recovery from its recent run of disastrous crops, although by no means all countries were out of difficulty.

Cereal stocks were forecast to reach a level equivalent to 21 per cent of annual consumption by the end of the current season. "More than enough to add to the cushion for world food security."

Mr Saouma said that aid commitments to agriculture declined in 1983 for the first time in the present decade and there was an even sharper drop in that part of the aid which was on concessional terms. Multilateral commitments to agriculture had dropped by 23 per cent in real terms since 1980, Mr Saouma said.

The case against grain price restraint

Farmers's viewpoint: By John Cherrington



IN JUNE 1921 the British Government of the day abolished the Corn Production Act, a measure guaranteeing farm prices which was only enacted the year before and which was supposed to shield farmers from a recurrence of the depression which had endured from the early 1880's until the outbreak of the 1914-18 war.

The effect on prices was instant and dramatic. The wheat price fell from just under £19 a tonne in 1920 to £16.60 in 1921, to £11.30 in 1922 and to about £9 in 1923. Yet during that period after allowing for seasonal fluctuations output fell only gradually and by 1927 was actually higher than it was in 1921. It was not until after 1928 that there was a substantial fall in production under the impact of prices as low as £5.50 a tonne. After 1931 the Wheat Quota Act, with a price guarantee of about £10 a tonne, acted as an almost miraculous stimulus to wheat output.

On the world scene output appeared at that time to take little notice of the steadily falling prices. All through the 1930s output was actually rising in spite of dustbowls in the US and the miserable situation I saw myself in South America. Some of this was due to governments' rescue efforts, such as the US New Deal, and devaluations in exporting countries like Australia.

But these aids to production were not the prime factor in maintaining output. Farmers in most countries were determined to farm and prepared to go to great lengths to go on doing so.

It is quite true to say that high prices stimulate output but the converse, as these figures show, is not necessarily true and it is time that this was realised by Mr Michael Jopling, the British Minister of Agriculture, and others who recommend price restraint to control the cereal surplus.

Cereal farming costs are high but they can be cut. In the 1920s and 30s farm wages were reduced substantially. Land costs both for purchase and for rent were quite literally decimated. Some farmers did go out of business but there were always people eager to make a go of it in their place once the fixed costs which had defeated the original farmer had been written down to reasonable proportions.

I am convinced that price restraint will do no more than reduce spending on labour, machinery, land and bank lending, while overall output of cereals will decrease only very slighlly and very slowly.

No one wants to have his production arbitrarily controlled by a quota or a limit on acreage of a particular crop. But there is no doubt at all that a substantial number of farmers believe that it is about time that they were told the facts of the situation and given better guidance as to what to do with their farms.

In some respects of course they are crying for the moon. No British Minister of Agriculture can admit that he is powerless to change the principles of a Common Agricultural Policy which were laid down more than a generation ago in entirely different circumstances.

Quotas are not foreign to British or Continental farming. There was a British sugar beet quota which still exists, now tied into the EEC system, which began in the mid 1920s. It used to be criticised as being restrictive but it was one element which helped to maintain a sector of arable farming.

Then there was a hop quota which, until EEC entry, maintained hop growing in a viable condition and is now very badly missed by those growers still remaining in the industry.

British potato growers have the benefit of a quota scheme which is designed to limit output to an approximation of market demand. It is objected to by some growers but so far the objectors have failed to get rid of the Potato Marketing Board by getting enough backers to put their nominees on it. In fact the potato sector has provided a warning of the anarchy which could follow complete price restraint. A number of growers exceeded their quotas this year and growers' early crops suffered from very low prices. A large number of them are in trouble.

So far the signals from the European Commission are confusing. The seriousness of the situation is realised but the solutions proposed basically entail forms of price restraint. One suggestion is for two-tier pricing with the secondary tier subject to a co-responsibility levy to finance much of the export or intervention costs. Another possibility is tightening up intervention standards, which would leave large tonnages of sub-standard grain floating around the market and depressing prices. The idea of delaying intervention buying until the end of the crop year could have the same effect.

No one yet seems to have analysed the comparative cost of paying farmers to idle their land instead of selling their grain to subsidised outlets. The main official objections to any positive steps to control output are the difficulties of policing them. A black market would immediately be created, it is claimed. But that objection can be shot down from the start. It is not easy to run a black market where the produce travels in 25-tonne lorries, is of low value, and where the drivers are strictly regulated.

LONDON MARKETS

TRADING remained basically quiet on the London Metal Exchange yesterday. Under the continuing shadow of the tin crisis, and most metals ended the day little changed from Friday's closing levels. Copper ended relatively steady in routine business. Lead prices rose quite strongly on pricing purchases during the morning, but the gains were erased as hedge selling set in later on. In zinc, trading was quiet and nervous following an early bout of liquidation triggered by the news that the Malaysian-controlled LME broker MMC had suspended trading. Soft commodity markets were mixed, with cocoa and robusta coffee futures both dropping, and sugar rising against a background of further prospective white sugar buying by India.

LME prices supplied by Amalgamated Metal Trading.

ALUMINIUM

	Unofficial close(p.m.) £ per tonne	+ or −	High/low
Cash	661-3	−9	657/655
3 months	689-90	−5	693/686

Official closing (am): Cash 655-6 (666-7), three months 686-7 (694-5), settlement 656 (667). Final Kerb close: 689-89.5. Turnover: 19,100 tonnes.

COPPER

Higher grade	Unofficial close	+ or −	High/low
Cash	958-.5	−2.25	959/958
3 months	985-.5	—	992/983.5

Official closing (am): Cash 958-.5 (955-.5), three months 985.9-6.5 (979-.5), settlement 958.5 (955.5). Final Kerb close: 983-4.

Cathodes			
Cash	938-40	+6	—
3 months	967-8	+0.5	969/969

Official closing (am): Cash 938-40 (932-3), three months 968-9 (962-3), settlement 940 (933). Turnover 36,125 tonnes. US Producer prices 65.5-70 cents per lb.

LEAD

	Unofficial close(p.m.) £ per tonne	+ or −	High/low
Cash	278-9	+6.25	302/285
3 months	277-8	+0.75	293/277

Official closing (am): Cash 302-4 (275.5), three months 292-4 (278-.5), settlement 304 (275.5). Final Kerb close: 280-1. Turnover 22,650 tonnes. US Spot: 18.75-20 cents per lb.

NICKEL

	Unofficial close(p.m.) £ per tonne	+ or −	High/low
Cash	2815-20	+15	2825/2815
3 months	2865-70	+15	2900/2840

Official closing (am): Cash 2,820-5 (2,765-75), three months 2,845-7 (2,825-30), settlement 2,825 (2,775). Final Kerb close: 2,875-85. Turnover 1,056 tonnes.

ZINC

High grade	Unofficial close (p.m.) £ per tonne	+ or −	High/low
Cash	400-6	−18	403/401
3 months	409-10	−15	426/409

Official closing (am): Cash 400-1 (408-10), three months 411-2 (421.5-2.5), settlement 401 (410). Final Kerb close: 411-12. Turnover 16,200 tonnes. US Prime Western: 32.5/35.75 cents per lb.

GOLD

Gold rose $¾ to $322¼-322¾ in quiet trading on the London bullion market yesterday. This was the day's low, after the metal had opened at the high of $323¼-323¾. It was fixed at $323.25 in the morning and $323.10 in the afternoon, showing little movement with most US banks closed for Veterans Day.

GOLD BULLION (fine ounce) Nov. 11		
Close	$322¾-323¼	(£227¼-227¾)
Opening	$323¼-323¾	(£227¼-227¾)
M'n'g fix	$323.25	(£227.769)
Aft'n'n fix	$323.10	(£227.487)

GOLD AND PLATINUM COINS		
Kr'g'r'nd	$596-595½	(£258¾-229¼)
½ Krug.	$171¼-172	(£120¾-121¼)
¼ Krug.	$87¼-88	(£61¼-62)
1/10 Krug.	$35¾-36¼	(£25¼-25½)
Mapleleaf	$333-333½	(£234¼-235)
Angel	$332-334	(£235¼-235¼)
1/10 Angel	$32¼-37¼	(£26¼-26¼)
New Sov.	$70¼-76¼	(£50-55¼)
½New Sov	$46¼-47	(£36¼-55)
Old Sov.	$79-80½	(£58¾-56¾)
$20 Eagle	$450-470	(£502¾-331)
Noble Plat	$338¾-339¾	(£236¼-239¼)

SILVER

Silver was fixed 1.75p an ounce higher for spot delivery in the London bullion market yesterday at 428p. US cent equivalents of the fixing levels were: spot 607.75c, up 3.75c; three-month 616.3c, up 4c; six-month 630.9c, up 4c; and 12-month 655.6c, up 3.6c. The metal opened at 428-429p (606-609c) and closed at 427-430p (607-610c).

SILVER per troy	Bullion Fixing Price	+ or −	L.M.E. p.m. Unoffic'l	+ or −
Spot	428.00p	+1.7	425.5p	+2
3 months	439.80p	+2.15	438.25p	+2.25
6 months	451.60p	+2.2	—	—
12 months	474.65p	+2.3	—	—

LME—Turnover: 42 (9) lots of 10,000 oz.

Three months high 439, low 438, final kerb 438-40.

RUBBER

PHYSICALS—The London market was inactive, reports Lewis and Peat. Closing prices (buyers): spot 56.50p (same). December 55.50p (same). January 56.00p (same). The Kuala Lumpur fob price for RSS No 1 was —— (182.0) cents a kg and for SMR 20 was —— (185.0).

COTTON

LIVERPOOL—Spot and shipment sales for the week ending November 8 totalled 734 tonnes against 1,518 tonnes in the previous week. Business ranged over various types including Turkish, Colombian, Spanish, Israeli, Pakistani and West African growths.

INDICES

FINANCIAL TIMES

Nov. 11	Nov. 8	M'th ago	Year ago
—*	—*	950.59	297.02

(Base: July 1 1952=100)

REUTERS

Nov. 11	Nov. 8	M'th ago	Year ago
1736.8	1734.6	1690.8	1579.2

(Base: September 18 1931=100)

DOW JONES

Dow Jones	Nov. 8	Nov. 7	Month ago	Year ago
Spot	120.05	112.46	—	126.39
Fut.	120.63	120.72	—	129.33

(Base: December 31 1931 = 100)

*Not available due to suspension of tin on LME.

MAIN PRICE CHANGES

In tonnes unless otherwise stated.

	Nov. 11 1985	+ or −	Month ago
METALS			
Aluminium	£1100		£1100
Free Mkt	$980/1000	−1e	$1020/40
Copper			
Cash h Grade	£958.25	−2.25	£977
3 mths	£985.25		£996.25
Gold Troy oz	$323	+0.75	$327
Lead Cash	£278.5	+6.25	£280
3 mths	£277.5	+0.75	£286.25
Nickel			
Free Mkt	182/202c	+4	192/212c
Palladium oz	$98.40	+0.30	$100.50
Platinum oz	$326.60	+1.70	$322.25
Quicksilver†	$290/295		$270/285
Silver troy oz	428.00p	+1.75	440.40p
6 months	439.00p	+2.15	452.45p
Tin cash	‡		£8795
6 months	‡		£8692.5
Tungsten	$70.28		$66.75
Wolfram 22.01lb	$60/65		$62/68
Zinc	£401	−18	£446
5 months	£409.5	−16	£452.0
Producers	$860/870		$750/780
OILS			
Coconut (Phil)	$415w		$440
Palm Malayan	$357.5u		$360
SEEDS			
Copra Phil	$260w		$285
Soyabean (U.S.)	$222w		$211.25
GRAINS			
Barley Fut. Jan.	£110.20	−0.25	£109.30
Maize	£134.00		£137.00
Wheat Fut. Jan.	£110.90	+0.10	£108.35
No. 2 Hard Wint.	‡		‡
OTHERS			
Cocoa Ft. Mar.	£1690	−17.5	£1775.5
Coffee Ft. Jan.	£1833.5	−17.5	£1574.5
Cotton A Index	48.10c	+0.1	48.75c
Gas Oil Jan.	$265	+6.5	$247.75
Rubber (kilo)	56.5p		59.00p
Sugar (raw)	$140.5w	+9.5	$128
Wooltops 64s	386p kilo		418p kilo

‡ Unquoted. s Dec-Jan. w Nov-Dec u Dec. † Per 76 lb flask. c Cents per pound. z Jan.

COCOA

Although steadier than expected at the opening, futures lost ground thereafter and closed on a weak note. Producers were unwilling to re-enter the market at current levels and consumers were scale-down buyers only, reports Gill and Duffus.

COCOA	Yesterday's Close £ per tonne	+ or −	Business Done
Dec.	1645-1648	−21.0	1662-1642
March	1689-1521	−17.5	1707-1684
May	1717-1719	−14.0	1732-1710
July	1740-1742	−18.9	1751-1735
Sept.	1762-1763	−13.5	1770-1760
Dec.	1781-1770	−11.0	—
March	1766-1776	−16.0	—

Sales: 1,858 (4,303) lots of 10 tonnes.

ICCO indicator prices (U.S. cents per pound). Daily price for November 11: 101.79 (102.61); five-day average for November 12: 101.75 (102.24).

COFFEE

A weaker New York close prompted an early decline of £20-43 to moderate volume, reports Drexel Burnham Lambert. A sharp recovery in New York after initial losses triggered a rally of £25-30 before profit-taking and trade selling influenced a retracement.

COFFEE	Yesterday's Close	+ or −	Business Done
Nov.	1795-1798	−36.0	1815-1790
Jan.	1833-1835	−17.5	1855-1816
March	1839-1842	−12.0	1858-1821
May	1840-1845	−1.5	1870-1825
July	1845-1858	−5.0	1870-1826
Sept.	1853-1855	−60.5	1878-1845
Nov.	1850-1870	−91.0	1860

Sales: 4,084 (7,003) lots of 5 tonnes.

ICO indicator prices (US cents per pound) for November 8: Comp. daily 1979 138.32 (140.17); 15-day average 136.00 (135.08).

FREIGHT FUTURES

[illegible] active conditions as validation of last week's rumours and reports of lower physical rates became available. Short-covering was the main reason that levels were not eroded further, reports Clarkson Wolff. The Baltic Freight Index was 898.5, down 11.5.

	Close	High/Low	Prev.
Jan.	985.5/968	972/867	876/875
April	937/939	937/930	940/938
July	926/828	—	830/829
Oct.	916/920	925/215	925/920
Jan.	998/950	—	960/940
April	950/1030	—	1030/980
July	935/250	—	900/860
Oct.	942/990	—	998/210

Turnover: 140 (231).

GRAINS

Wheat found good trade buying support at opening levels and gradually advanced, gaining up to 45p and reaching new contract highs. Shipper selling trimmed gains late in the day. Barley came under long liquidation selling pressure with values remaining in a tight range closing at the day's lows, reports Muirpace.

	WHEAT		BARLEY	
Mnth	Yesterday's close	+ or −	Yesterday's close	+ or −
Nov.	109.50	+0.50	107.50	−0.25
Jan.	110.90	+0.10	110.20	−0.25
Mar.	113.30	—	112.90	−0.25
May	116.25	+0.05	115.05	−0.25
July	118.70	−0.05	—	—
Sept.	97.00	−0.30	97.70	−0.05

Business done—Wheat: Nov 109.30-7.85, Jan 111.00-10.80, March 113.50-3.15, May 115.50-6.10, July 118.85-8.75, Sept 97.00 only. Sales: 219 lots of 100 tonnes. Barley: Nov 107.50 only, Jan 110.35-10.20, March 113.10-3.00, May 115.25-5.10, Sept 97.70 only. Sales: 98 lots of 100 tonnes.

LONDON GRAINS—Wheat: US dark northern spring no 1 15 per cent Nov/Dec 138.25, Jan 139.30, Feb 142.10 sellers transhipment east coast. US no 2 soft red winter Nov 117.75, Dec 118.75, Jan 119.50, Feb 120.00 sellers. EC French Nov 126. English feed fob Nov 112.75 seller, Dec 113.50-114.00 buyer/seller, Jan/Mar 116 seller, April/June 119.25-120.00 buyer/seller east coast. Maize: US no 3 yellow/French transhipment east coast Nov 134 seller. Barley: English feed fob Nov 117.75, Dec 116.75, Jan 119.50, Feb 120.50 sellers east coast. Rest unquoted.

HGCA—Locational ex-farm spot prices. Feed barley: Eastern 104.00, E. Mids 107.20, Scotland 101.20. The UK monetary coefficient for the week beginning Monday November 18 (based on HGCA calculations using four day's exchange rates) is expected to remain [illegible] at 1.000.

MEAT

[illegible] buying interest, reports [illegible] Commodities.

Month	Yesterday's close	Previous close	Business done
	p. per kilo (deadweight)		
Feb.	101.10	100.60	101.1-101.0
April	100.10	100.10	—
June	100.10	99.90	100.1
Aug.	99.70	99.60	—
Oct.	104.50	104.30	—
Nov.	106.50	106.30	—

Sales: 53 (44) lots of 50 carcases, 3,250 kg.

MEAT COMMISSION—Average fatstock prices at representative markets. GB—Cattle 94.51p per kg lw (+0.02). GB—Sheep 145.42p per kg est. dcw (−0.94). GB—Pigs 83.45p per kg lw (+0.37).

POTATOES

November expired mid-day with £55.00 being the last traded price. With attention focusing on November, April remained very quiet, opening unchanged and trading 70p lower following losses of just under a guilder in Holland. During the afternoon April values recovered, reflecting continuing concern about quality, especially following recent sharp frosts, reports Coley and Harper.

Month	Yesterday's close	Previous close	Business done
	£ per tonne		
Nov.	55.50	64.70	55.00-52.50
Feb.	67.50	69.40	—
Apr.	76.10	76.00	76.40-77.50
May	84.10	84.00	84.30-84.00

Sales: 304 (151) lots of 40 tonnes.

SOYABEAN MEAL

The market opened 20p higher in mixed trade, reports T. G. Roddick. Prices rose on continued trade and professional buying.

	Yesterday's close	+ or −	Business Done
	£ per tonne		
Dec.	122.8-122.9	+0.55	122.0-122.5
Feb.	122.0-122.2	+0.55	122.5-122.0
April	124.0-124.2	+1.50	124.5-122.5
June	123.0-123.5	+0.15	126.5
August	122.5-125.0	+0.15	125.5
October	125.0-127.0	+0.50	127.0
Dec.	128.0-131.0	+0.50	130.5

Sales: 764 (797) lots of 20 tonnes.

SUGAR

LONDON DAILY PRICE—Raw sugar $140.50 (139.00), up $2.50 (up £1.50) a tonne for November-December delivery. White sugar $176.00, up $1.00.

No. 6 Con-tract	Yest'day's close	Previous close	Business done
	$ per tonne		
Dec.	144.0-144.8	142.5-144.5	144.8
Mar.	159.0-159.4	156.4-156.8	159.6-158.2
May	155.8-156.4	153.4-153.8	156.6-155.8
Aug.	161.6-162.0	158.8-159.2	162.0-160.8
Oct.	166.0-166.4	163.2-163.8	165.0-165.0

US MARKETS

PRECIOUS METALS came under pressure on disappointed selling linked to the lack of a discount rate cut in the US, Heinold Commodities reports. Copper lost ground from continuing concerns over the LME tin crisis. Aluminium traded modestly lower but attracted support on stock drawdowns. Light cash interest helped support sugar values. Cocoa moved slightly lower on indications that the West African crop might be larger than generally expected. Coffee rallied sharply on forecasts of drier conditions in Brazil, despite the opening of Brazilian export registration for December. Cotton gained slightly on light buying ahead of the USDA crop report today. The energy complex firmed on reports of delays to Russian shipments and cooler weather in Europe. The grain and soyabean complex consolidated ahead of today's crop reports with underlying support from crop delays.

NEW YORK

ALUMINIUM 40,000 lb, cents/lb

	Close	High	Low	Prev
Nov	42.40	—	—	42.00
Dec	42.70	42.70	42.40	42.80
Jan	43.10	—	—	43.20
March	43.85	43.90	43.45	43.95
May	44.55	44.40	44.30	44.65
July	45.25	45.15	45.15	45.35
Sept	45.95	—	—	46.05
Dec	47.00	—	—	47.10
Jan	47.35	—	—	47.45
March	48.05	—	—	48.15

COCOA 10 tonnes, $/tonnes

	Close	High	Low	Prev
Dec	2063	2067	2050	2062
March	2155	2162	2147	2162
May	2210	2210	2198	2210
July	2236	2236	2228	2240
Sept	2245	2250	2245	2259
Dec	2224	2224	2224	2230
March	2284	2290	2286	2294

COFFEE "C" 37,500 lb, cents/lb

	Close	High	Low	Prev
Dec	160.00	163.00	153.25	154.00
March	158.42	158.75	153.77	154.86
May	159.40	160.00	155.00	155.20
July	161.30	161.30	159.25	157.52
Sept	162.30	162.30	158.25	158.50
Dec	163.00	163.00	159.00	159.50
March	164.00	161.00	161.00	162.00

COPPER 25,000 lb, cents/lb

	Close	High	Low	Prev
Nov	60.55	—	—	61.20
Dec	60.80	61.35	60.75	61.50
Jan	61.10	—	—	61.60
March	61.75	62.30	61.70	62.45
May	62.15	62.65	62.15	62.85
July	62.65	62.90	62.65	63.20
Sept	63.05	—	—	63.65
Dec	63.85	64.30	63.80	64.45
Jan	63.85	—	—	64.45
March	64.30	64.30	64.70	64.90

COTTON 50,000 lb, cents/lb

	Close	High	Low	Prev
Dec	61.12	61.60	60.98	61.34
March	62.00	62.60	61.90	62.27
May	62.65	63.00	62.52	62.85
July	62.70	63.00	62.60	62.85
Oct	54.40	54.80	54.25	54.55
Dec	53.00	53.30	52.91	53.06
March	52.85	53.00	53.00	52.55

CRUDE OIL (LIGHT) 42,000 US gallons, $/barrels

	Latest	High	Low	Prev
Dec	30.70	30.71	30.61	30.46
Jan	29.87	30.27	29.62	29.74
Feb	28.99	29.04	28.80	28.77
March	28.33	28.37	28.20	28.17
April	27.78	27.88	27.73	27.62
May	27.38	27.50	27.32	27.21
June	26.99	27.10	26.94	26.85
July	26.65	26.74	26.65	26.50
August	26.29	26.40	26.18	26.04
Sept	[illegible]	[illegible]	[illegible]	[illegible]

GOLD 100 troy oz, $/troy oz

	Close	High	Low	Prev
Nov	322.1	—	—	324.2
Dec	324.5	324.9	323.5	325.8
Jan	326.1	—	—	328.1
Feb	328.5	328.8	328.0	329.6
April	332.2	332.4	331.8	333.4
June	336.1	336.4	335.5	337.3
August	340.5	340.1	340.0	341.8
Dec.	349.2	349.8	348.7	350.9
Feb	353.8	353.5	353.5	355.2
April	358.5	—	—	360.6
June	363.8	—	—	366.0
August	370.6	—	—	371.7

HEATING OIL 42,000 US gallons, cents/US gallons

	Latest	High	Low	Prev
Dec	87.60	87.90	87.40	86.82
Jan	87.95	88.15	87.55	86.95
Feb	85.15	85.20	84.55	84.05
March	80.50	81.00	80.40	79.72
April	77.60	78.20	77.60	77.10
May	74.90	75.00	74.90	74.55
June	73.65	74.00	73.65	73.40
July	73.30	73.10	72.90	72.70

ORANGE JUICE 15,000 lb, cents/lb

	Close	High	Low	Prev
Nov	114.00	114.10	113.60	114.05
Jan	114.50	114.50	113.60	114.30
March	114.85	115.00	113.90	114.75
May	114.90	115.00	114.00	114.75
July	114.40	—	—	114.60
Sept	112.25	112.75	112.75	112.05
Nov	112.50	—	—	112.30
Jan	112.75	—	—	112.50
March	113.00	—	—	112.80

PLATINUM 50 troy oz, $/troy oz

	Close	High	Low	Prev
Nov	325.6	—	—	328.5
Jan	329.3	330.5	328.0	329.2
April	331.3	333.0	330.2	331.1
July	334.3	335.0	333.5	334.2
Oct	337.8	337.0	337.0	337.6
Jan	343.0	—	—	—

SILVER 5,000 troy oz, cents/troy oz

	Close	High	Low	Prev
Nov	607.7	—	—	610.8
Dec	610.5	612.0	609.5	613.0
Jan	614.7	614.0	614.0	617.2
March	622.8	624.0	622.0	625.9
May	631.0	632.5	630.5	633.5
July	639.6	640.0	640.0	642.1
Sept	648.0	649.0	647.7	651.4
Dec	660.5	664.5	660.0	666.5
Jan	666.0	—	—	670.5
March	677.5	—	—	680.3

SUGAR WORLD "11" 112,000 lb, cents/lb

	Close	High	Low	Prev
Jan	5.55	5.58	5.38	5.45
March	6.18	6.15	5.99	6.02
May	6.30	6.33	6.16	6.20
July	6.45	6.49	6.35	6.40
Sept	6.63	6.58	6.56	6.57
Oct	6.75	6.78	6.65	6.69
Jan	6.80	—	—	6.80
March	7.34	7.31	7.25	7.24

CHICAGO

LIVE CATTLE 40,000 lbs, cents/lb

	Close	High	Low	Prev
Dec	66.67	67.02	66.00	66.30
Feb	63.05	63.45	62.60	63.02
April	61.95	61.97	61.45	61.62
June	61.25	61.35	61.00	61.52
Aug	59.90	59.95	59.60	59.60
Oct	58.70	58.80	58.50	58.25
Dec	60.10	—	—	60.10

LIVE HOGS 30,000 lbs, cents/lb

	Close	High	Low	Prev
Dec	47.05	47.10	46.30	46.82
Feb	45.55	46.60	45.10	45.32
April	41.65	41.85	41.45	41.75
June	43.55	43.80	43.57	42.70
July	44.05	44.20	43.60	43.92
Aug	42.90	43.00	42.70	42.87
Oct	39.55	39.90	39.45	39.50
Dec	40.67	40.85	40.45	40.80
Feb	41.00	—	—	41.00

MAIZE 5,000 bu min, cents/56 lb bushel

	Close	High	Low	Prev
Dec	237.6	238.4	237.2	237.2
March	245.4	246.4	245.0	245.4
May	247.4	249.4	247.4	248.2
July	248.0	250.4	248.0	248.6
Sept	233.6	235.0	233.4	233.6
Dec	227.4	228.4	227.4	228.6
March	236.4	237.4	236.4	236.6

PORK BELLIES 38,000 lbs, cents/lb

	Close	High	Low	Prev
Feb	62.50	62.72	62.10	62.60
March	62.67	62.72	62.15	62.35
May	63.60	64.07	63.55	64.10
July	64.90	64.40	63.55	64.00
Aug	61.50	61.50	61.20	61.40

SOYABEANS 5,000 bu min, cents/60 lb bushel

	Close	High	Low	Prev
Nov	521.0	524.0	520.2	520.4
Jan	530.2	532.4	529.4	529.4
March	540.2	542.4	539.0	539.4
May	547.6	549.4	547.0	547.2
July	552.4	554.4	552.0	555.2
Aug	551.0	553.0	551.0	551.0
Sept	533.0	536.0	533.0	535.4
Nov	526.6	528.4	526.2	527.4
Jan	541.0	—	—	543.4

SOYABEAN MEAL 100 tons, $/ton

	Close	High	Low	Prev
Dec	147.1	148.0	147.1	147.4
Jan	147.5	148.0	146.3	147.2
March	148.0	148.5	147.0	147.7
May	148.0	149.0	147.5	148.0
July	148.0	148.5	148.0	148.0
Aug	147.5	148.0	147.0	147.5
Sept	145.0	147.0	145.0	145.1
Oct	143.5	145.0	143.5	144.0
Dec	142.5	143.5	142.5	145.2

SOYABEAN OIL 60,000 lbs, cents/lb

	Close	High	Low	Prev
Dec	20.67	21.10	20.63	20.67
Jan	20.78	21.15	20.72	20.78
March	21.25	21.50	21.20	20.99
May	21.47	21.60	21.40	21.30
July	21.70	21.80	21.55	21.55
Aug	21.70	21.35	21.25	21.60
Sept	21.60	21.60	21.50	21.50
Oct	21.80	22.00	21.80	21.80
Dec	21.80	21.90	21.80	21.80
Jan	21.80	—	—	21.78

WHEAT 5,000 bu min, cents/60 lb bushel

	Close	High	Low	Prev
Dec	329.0	330.4	328.0	328.0
March	334.2	334.4	330.0	331.2
May	314.4	314.4	310.4	311.4
July	292.0	292.2	288.4	290.4
Sept	293.0	293.0	290.4	292.0
Dec	305.0	—	—	304.4

SPOT PRICES—Chicago loose lard 15.50 (same) cents per pound. Handy and Harman silver bullion 608.0 (600.0) cents per troy ounce.

Although the market quickly recovered after the pre-weekend decline, it struggled to sustain its rise thereafter, reports C. Czarnikow.

Sales: 1,835 (1,710) lots of 50 tonnes.

Tate and Lyle delivery price for granulated basis sugar was £204.00 (£200.50) a tonne for export.

International Sugar Agreement—(U.S. cents per pound fob and stowed Caribbean ports.) Prices for November 8: Daily price 5.45 (5.54); 15-day average 5.91 (5.27).

OIL

Brent firmed 20c as a cold European weather combined with continued refiner demand and squeeze of November barrels. Nymex opened 22c up and was trading just above this level by 1.30 pm EST. In the Rotterdam products market gas/oil prices strengthened on firm futures and rising wholesale prices. High sulphur fuel oil slightly strengthened on underlying buying interest—Petroleum Argus.

SPOT PRICES

	Latest	Change + or −
CRUDE OIL—FOB ($ per barrel)—Nov		
Arab Light	27.85-27.95	+0.15
Arab Heavy	26.50-26.70	+0.10
Dubai	26.60-26.70	+0.15
Brent Blend	29.75-29.85	+0.20
W.T.I. (1 pm est)	30.35-30.75	+0.20
Forcados (Nigeria)	28.60-28.90	+0.15
Urals (cif NWE)	29.35-29.50	+0.075
PRODUCTS—North West Europe Prompt delivery cif ($ per tonne)		
Premium gasoline	275-276	+8
Gas Oil	276-277	+6.5
Heavy fuel oil	148-150	+0.5
Naphtha	261-263	+1.5

* December Petroleum Argus estimates

GAS OIL FUTURES

Month	Yest'day's close	+ or −	Business Done
	$ U.S. per tonne		
Dec	282.50	+4.00	283.25-82.75
Jan	265.00	+6.50	265.50-63.25
Feb	260.50	+5.25	261.50-58.75
March	250.25	+4.25	253.00-47.00
April	237.75	+5.25	238.00-35.75
May	237.50	+5.00	—
June	232.00	+2.50	234.00-31.50
July	—	—	—

Turnover: 1,835 (2,161) lots of 100 tonnes.

CRUDE OIL FUTURES Brent blend index, $ a barrel (buyer/seller, change, business). Dec 29.17/29.22, +0.33, 29.28-29.08. Jan 28.15/28.25, +0.05, untraded. Feb 27.80/27.90, +0.10, untraded. March 27.25/27.45, +0.05, untraded. April 26.85/27.00, +0.25, 27.00. May 26.35/26.45, untraded. Turnover: 212 (733) lots of 1,000 barrels.

CURRENCIES, MONEY and CAPITAL MARKETS

Holiday keeps dollar quiet

Vaterans Day in the US, also known as Armistice Day in Fraoce and Belgium, closed most banks in New York, Paris and Brussels, and crested very quiet featureless trading on the foreign exchanges. There was no sign of iotervention by the Bank of Japan or German Bundesbank as the dollar moved slightly firmer. The general undertone to the market suggested the dollar will remain in a narrow range, at least until some US ecopomic data are published later this week. Remarks last week by officials in Washingtop and Tokyo have led to suggestions that any further decline by the dollar may be modest, with DM 2.60 and Y200 regarded as possibls target areas for the central banks. Congress is expected to raise tha US Federal dabt ceiling before Friday, to prevent tha Government running out of money, and tha following Treasury suctions are likely to nrovide some support for the dollar.

On the other hand, economic news this week is not expected to be encouraging. US retail sales figures for October have been forecast to fall by 2 per cent to 3.5 per cent on Thursday, and Friday's industrial production figures for last month are expected to show only a smell rise. Against this background, hopes continue that the Federal Reserve may soon cut its discount rate.

Yesterday the dollar rose to DM 2.6235 from DM 2.6220; FFr 8.00 from FFr 7.9850; SFr 2.1560 from SFr 2.1550; and Y205.90 from Y205.50.

£ IN NEW YORK

	Nov. 11	Prev. close
£ Spot	N/A	$1.4210-4220
1 month	N/A	0.40-039 pm
3 months	N/A	1.20-1.17 pm
12 months	N/A	5.75-5.65 pm

Forward premiums and discounts apply to the U.S. dollar

On Bank of England figures the dollar's index rose to 129.8 from 129.6.

STERLING — Trading range against the dollar in 1985 is 1.4410 to 1.0525. October average 1.4217. Exchange rate index closed 0.1 higher at 79.6. It opened at 79.5, and remained very steady throughout

Sterling recovered a littla of its recent lost ground in quiat trading. An unexpected fall of 1.2 per cent in UK October retail sales, and UK producer prices lo lioe with the general level of forecasts, had no impact. Nervousness about world oil prices continued to overhang the pound, but high London interest rates remained a strong supporting factor. Sterling gained 30 points to $1.4195-1.4205, and also rose to DM 3.7250 from DM 3.7150; FFr 11.36 from FFr 11.3150; SFr 3.0625 from SFr 3.0550; and Y292.50 from Y291.25.

D-MARK — Trading range against the dollar in 1985 is 3.4510 to 2.5960. October avarage 2.6443. Exchange rate index 127.5 against 121.5 six months ago.

The D-mark traded quiatly, without any sign of intervention by the Bundesbank on the open market or at the Frankfurt fixing. With many banks closed in the US, Canada, France and Balgium foreign exchange trading was very thin. The dollar opened at DM 2.6185, but soon rose to DM 2.6220, oo a large buying order, reported to be about $200m. It was said to come from a US based bank, but may bave been for a Middle East purchaser. In the absence of any new factors the dollar eased to DM 2.6250 at the Frankfurt close from DM 2.62625.

POUND SPOT—FORWARD AGAINST POUND

Nov 11	Day's spread	Close	One month	% p.a.	Three months	% p.a.
US	1.4170-1.4220	1.4195-1.4205	0.42-0.38c pm	3.42	1.24-1.19pm	3.42
Canada	1.9532-1.9591	1.9540-1.9580	0.51-0.42c pm	2.85	1.46-1.31 pm	2.83
Nethlnd.	4.19¾-4.21	4.20-4.21	2-1⅞c pm	5.36	5⅞-5⅝pm	5.41
Belgium	75.12-75.60	75.30-75.40	21-16c pm	2.95	81-61 pm	3.50
Denmark	13.44½-13.51	13.49-13.50	3⅛-2ore pm	2.28	8⅛-7¼pm	2.30
Ireland	1.2084-1.2077	1.2065-1.2085	0.23-0.09p pm	1.69	0.48-0.06pm	0.53
W. Ger.	3.71½-3.73½	3.72-3.73	2¼-2pf pm	0.85	6½-6pm	6.64
Portugal	230½-233½	231-233	140-400c dis	-13.91	500-1300d	-15.45
Spain	228½-229¼	228¾-229¼	49-60c dis	-2.59	150-270dis	-3.57
Italy	2,508-2,521½	2,518-2,519	1-6lire dis	-1.67	8-15dis	-1.83
Norway	11.17-11.21½	11.19½-11.20½	¼-⅞ore dis	-0.60	2¼-2¾dis	-0.87
France	11.33-11.38	11.35½-11.36½	2½-2c pm	2.44	6⅞-6⅜pm	2.07
Sweden	11.15¾-11.22¾	11.21-11.22	2-3¾ore dis	-2.47	5⅛-6dis	-2.03
Japan	291½-292½	292-293	1-¾y pm	3.58	2¾-2⅝pm	3.90
Austria	26.11-26.24	26.19-26.23	13⅞-12gro pm	6.57	38½-34pm	5.53
Switz.	3.05½-3.06¾	3.05½-3.06½	2¼-1⅞c pm	7.84	5⅞-5¾pm	7.27

Belgian rate is for convertible francs. Financial franc 75.90-76.00. Six-month forward dollar 2.34-2.29c pm. 12-month 3.95-3.80c pm.

DOLLAR SPOT — FORWARD AGAINST DOLLAR

Nov 11	Day's spread	Close	One month	% p.a.	Three months	% p.a.
UK†	1.4170-1.4220	1.4195-1.4205	0.42-0.38c pm	3.42	1.24-1.19pm	2.42
Ireland†	1.1760-1.1810	1.1765-1.1775	0.23-0.13c pm	1.83	0.90-0.60pm	2.55
Canada	1.3765-1.3780	1.3770-1.3780	0.05-0.08c dis	-0.57	0.18-0.23dis	-0.59
Nethlnd.	2.9500-2.9700	2.9605-2.9610	0.49-0.46c pm	1.93	1.47-1.44pm	1.97
Belgium	—	53.00-53.10	1-2½c dis	-0.40	6-8dis	-0.53
Denmark	8.46½-8.50¾	8.50-8.50½	¼-⅞ore dis	-0.63	1¾-2¼dis	-0.84
W. Ger.	2.6160-2.6240	2.6230-2.6240	0.75-0.73pf pm	3.45	2.16-2.11pm	3.25
Portugal	162-163¾	162¾-163¼	150-325c dis	-17.54	500-1050d	-19.08
Spain	160.85-161.38	160.95-161.10	85-115c dis	-6.70	280-340dis	-7.19
Italy	1,768½-1,774½	1,773-1,774	6-8½lire dis	-6.59	23-24dis	-5.30
Norway	7.88¼-7.89¼	7.88½-7.89	2½-2¾ore dis	-3.99	8½-8¾dis	-4.38
France	7.97½-8.00¾	7.99¾-8.00¼	0.50-0.70c dis	-0.97	2.70-3.00dis	-1.42
Sweden	7.88-7.90	7.89½-7.90	3½-3¾ore dis	-5.52	9¾-10dis	-5.01
Japan	205.15-206.00	205.85-205.95	0.03-per y pm	0.09	0.05-0.01pm	0.06
Austria	18.39¾-18.48¾	18.42-18.45	4-3½gro pm	2.44	11-8½pm	2.11
Switz.	2.1500-2.1595	2.1555-2.1565	0.85-0.80c pm	4.59	2.15-2.10pm	3.84

† UK and Ireland are quoted in US currency. Forward premiums and discounts apply to the US dollar and not to the individual currency.

Belgian rate is for convertible francs. Financial franc 53.45-53.55.

EXCHANGE CROSS RATES

Nov. 11	£	$	DM	YEN	F Fr.	S Fr.	H Fl.	Lira	C $	B Fr.
£	1.	1.420	3.725	292.5	11.36	3.063	4.205	2519.	1.956	75.35
$	0.704	1.	2.624	205.9	8.000	2.156	2.961	1774.	1.377	53.05
DM	0.268	0.381	1.	78.52	3.050	0.822	1.129	676.1	0.525	20.23
YEN	3.419	4.856	12.74	1000.	38.84	10.47	14.38	8610.	6.687	257.6
F Fr.	0.880	1.250	3.279	257.5	10.	2.696	3.702	2217.	1.722	66.33
S Fr.	0.327	0.464	1.216	95.51	3.709	1.	1.373	822.4	0.639	24.60
H Fl.	0.238	0.338	0.886	69.56	2.702	0.728	1.	599.0	0.465	17.92
Lira	0.397	0.564	1.479	116.1	4.511	1.216	1.670	1000.	0.777	29.92
C $	0.511	0.726	1.904	149.5	5.808	1.566	2.150	1288.	1.	38.53
B Fr.	1.327	1.885	4.944	388.2	15.08	4.064	5.581	3343.	2.596	100.

Yen per 1,000: French Fr per 10: Lira per 1,000: Belg Fr per 100.

EURO-CURRENCY INTEREST RATES

Nov. 8	Short term	7 Days notice	1 Month	Three Months	Six Months	One Year
Sterling	11⅛-11¼	11⅛-11⅝	11⅝-11¾	11⅝-11¾	11⅝-11¾	11⅜-11½
U.S. Dollar	—	7⅞-8⅛	8-8⅛	8-8⅛	8-8⅛	8¼-8⅜
Can Dollar	8-8⅛	8⅛-8⅜	8¼-8⅜	8⅛-8⅜	8⅜-8½	8⅝-8⅞
D Guilder	5⅞-6⅛	6-6⅛	6-6⅛	6-6⅛	6-6⅛	6-6⅛
Sw. Franc	1⅝-1⅞	1⅝-1⅞	3⅝-3⅞	4-4⅛	4¼-4⅜	4⅜-4½
Deutschmrk	4¼-4⅜	4½-4⅝	4½-4⅝	4½-4⅝	4½-4⅝	4¾-5
Fr. Franc	9-9⅛	9-9⅛	9-9¼	9⅝-9⅞	10⅛-10½	10⅜-10⅞
Italian Lira	13-15½	16¼-14¼	13½-14½	13¼-13¾	13⅝-13⅞	13⅝-14
B.Fr.(Fin)	8⅝-8⅞	8½-8¾	8½-8¾	8⅝-8⅞	8⅝-8⅞	8¾-9
B.Fr.(Con)	8⅝-8⅞	8½-8¾	8½-8¾	8⅝-8⅞	8⅝-8⅞	8¾-9
Yen	7⅛-7¼	7⅛-7¼	7⅞-8	7⅞-8	7⅞-7⅞	7¼-7⅜
D. Krona	8½-9	8⅝-9⅛	8¾-9¼	9-9⅛	9-9⅛	9¼-9⅜
Asian $ (Sng)	8⅛-8¼	8-8⅛	8⅛-8¼	8⅛-8¼	8⅛-8¼	8¼-8⅜

Long-term Eurodollars: two years 8⅞-9⅛ per cent; three years 9⅛-9⅜ per cent; four years 9⅜-9⅝ per cent; five years 9⅝-9⅞ per cent nominal. Short-term rates are call for U.S. dollars and Japanese yen; others, two days' notice.

CURRENCY MOVEMENTS

Nov. 11	Bank of England Index	Morgan Guaranty Change %
Sterling	79.6	N/A
U.S. dollar	129.8	"
Canadian dollar	83.1	"
Austrian schilling	118.4	"
Belgian franc	92.0	"
Danish Kroner	81.8	"
Deutsche mark	137.5	"
Swiss franc	150.8	"
Guilder	116.1	"
French franc	69.6	"
Lire	44.6	"
Yen	177.2	"

Morgan Guaranty changes: average 1980-1982=100. Bank of England Index (base average 1975=100).

CURRENCY RATES

Nov. 11	Bank rate %	Special Drawing Rights	European Currency Unit
Sterling	—	N/A	0.592275
U.S.$	7½	"	0.840735
Canadian $	8.84	"	1.15769
Austria Sch.	4	N/A	15.5284
Belgian Fr.	9	"	44.6598
Danish Kr	7	"	7.98908
D mark	4	"	2.20819
Guilder	5	"	2.48857
French Fr	9½	"	6.72924
Lira	10½	"	1490.41
Yen	5	"	173.065
Norway Kr.	8	"	6.65382
Span'h Pta.	—	"	135.558
Swedish Kr.	10½	"	6.69541
Swiss Fr.	4	"	1.81530
Greek Dr'ch	20½	"	129.843
Irish Punt	—	"	0.714000

* C$/SDR rate for November 8: 1.47804.

OTHER CURRENCIES

Nov. 11	£	$
Arg'tina	1.1356-1.1379	0.8000-0.8010
Aus'alia	2.1235-2.1975	1.4970-1.4995
Brazil	12,399-12,455	8,735-8,775
Finland	7.8990-8.0050	5.6320-5.6340
Greece	216.56-221.60	152.55-155.72
H'kong	11.0680-11.0880	7.7980-7.8010
Iran	122.60*	85.60*
Kuwait	0.4150-0.4160	0.2925-0.2927
Lux'burg	75.30-75.40	53.00-53.10
Malay'sia	3.4400-3.4600	2.4250-2.4350
N'Z'land	2.4200-2.4300	1.7060-1.7095
Saudi Ar.	5.1770-5.1850	3.6505-3.6510
Sin'pore	2.9830-3.0030	2.1025-2.1125
S.Af. (Cm)	3.7365-3.8365	2.6315-2.7025
S.Af. (Fn)	4.8580-5.0270	3.4190-3.5400
U.A.E.	5.2090-5.2170	3.6725-3.6735

* Selling rate.

FUTURES AND OPTIONS

Gilts weaker

Prices were mostly easier in the London International Fioancial Futures Exchange yesterday. Volume was restricted to some extent by the closure of some US banks and other financial institutions for a public holiday.

Gilt futures eased in quiet trading. There appeared to be some uncertainty as to bow well Governmeot plons would be received regardiog the sala of assets to supplement its funding requiremeots and together with a few bearish predictions on the course of the UK economy, there appeared to be little buying interest.

The market failed to fully conceal its disappointment over the absence of any reduction in interest rates, even though sucb a move now seems some way off. UK statistics released yesterday iocluded retail sales which showed a surprise fall in October of 1.2 per cent compared with market expectations of a 0.5 to 1.0 par ceot rise.

Sbort sterling performed in moch the same way, reflecting tha strong tie between the performance of sterling and cash rates. The FT-SE index fell quite sharply as equities reacted to early publication of Beecham's first half figures and resignation of the chairman.

Euro-dollar prices were a little firmer from Friday's closing levals but failed to capitalise on a firmer start so that the December contract closed at 92.11 from an opening level of 92.12 and Friday's close of 92.06. A Fed funds rata below 8 per cent on Friday had laft the market finishing on a strong note. Bood prices showed a similar trend with early selling quickly evaporating and despite further attempts to push values lower after the start of US trading, values recovered later in the afternoon.

CURRENCY FUTURES

POUND—$ (FOREIGN EXCHANGE)

Spot	1-mth.	3-mth.	6-mth.	12-mth.
1.4200	1.4160	1.4079	1.3979	1.3813

IMM—STERLING $s per £

	Latest	High	Low	Prev
Dec	1.4145	1.4155	1.4130	1.4156
March	1.4015	1.4050	1.4015	1.4035
June	1.3930	1.3930	1.3800	1.3935

LIFFE—STERLING £25,000 $ per £

	Close	High	Low	Prev
Dec	1.4150	1.4160	1.4145	1.4130
March	1.4030	1.4027	1.4027	1.4015
June	1.3925	—	—	1.3920

Estimated volume 13 (106)
Previous day's open int 3,947 (3,855)

LIFFE—DEUTSCHE MARKS
DM 125,000 $ per DM

	Close	High	Low	Prev
Dec	0.3816	0.3834	0.3819	0.3828
March	0.3848	—	—	0.3859
June	0.3878	—	—	0.3889

Estimated volume 13 (37)
Previous day's open int 424 (428)

STERLING INDEX

	Nov 11	Previous
8.30 am	79.5	79.3
9.00 am	79.5	79.4
10.00 am	79.5	79.3
11.00 am	79.5	79.5
Noon	79.6	79.3
1.00 pm	79.6	79.4
2.00 pm	79.5	79.3
3.00 pm	79.5	79.4
4.00 pm	79.6	79.5

EMS EUROPEAN CURRENCY UNIT RATES

	Ecu central rates	Currency amounts against Ecu November 11	% change from central rate	% change adjusted for divergence	Divergence limit %
Belgian Franc	44.8320	44.6598	-0.38	+0.54	±1.5425
Danish Krone	8.12857	7.98908	-1.72	-0.80	±1.6421
German D-mark	2.23840	2.20819	-1.35	-0.43	±1.1455
French Franc	6.86402	6.72924	-1.96	-1.04	±1.3654
Dutch Guilder	2.52208	2.48857	-1.33	-0.41	±1.5162
Irish Punt	0.724578	0.714000	-1.46	-0.54	±1.6673
Italian Lira	1520.60	1490.41	-1.99	-1.80	±4.0856

Changes are for Ecu, therefore positive change denotes a weak currency. Adjustment calculated by Financial Times.

LONDON

20-YEAR 12% NOTIONAL GILT
£50,000 32nds of 100%

	Close	High	Low	Prev
Dec	111-19	111-30	111-18	111-29
March	111-23	111-30	111-28	112-00
Sept	110-23	—	—	111-00

Estimated volume 1,088 (3,944)
Previous day's open int 5,212 (5,240)
Basis quote (clean cash price of 13½% Treasury 2004-08 less equivalent price of near futures contract) -6 to +4 (32nds)

10% NOTIONAL SHORT GILT
£100,000 64ths of 100%

	Close	High	Low	Prev
Dec	97-36	97-38	97-36	97-39
March	97-49			97-52

Estimated volume 38 (434)
Previous day's open int 1,620 (1,651)

THREE-MONTH STERLING
£500,000 points of 100%

	Close	High	Low	Prev
Dec	88.43	88.47	88.43	88.47
March	88.83	88.93	88.82	88.95
June	89.17	89.25	89.15	89.28
Sept	89.29	89.34	89.28	89.35
Dec	89.28	89.34	89.30	89.38

Estimated volume 1,286 (1,335)
Previous day's open int 6,973 (6,770)

THREE-MONTH EURODOLLAR
$1m points of 100%

	Close	High	Low	Prev
Dec	92.11	92.12	92.06	92.06
March	91.87	91.87	91.83	91.80
June	91.70	91.70	91.67	91.61
Sept	91.36	91.36	91.33	91.27
Dec	91.02	91.02	91.00	90.93

Estimated volume 2,435 (3,538)
Previous day's open int 20,425 (21,086)

US TREASURY BONDS
8% $100,000 32nds of 100%

	Close	High	Low	Prev
Dec	79-17	79-20	79-15	79-15
March	78-09	78-12	78-12	78-08
June	77-03	—	—	77-02

Estimated volume 871 (1,924)
Previous day's open int 3,216 (3,657)

FT—SE 100 INDEX
£25 per full index point

	Close	High	Low	Prev
Dec	137.75	139.50	137.75	139.90
March	139.25	—	—	141.20

Estimated volume 583 (252)
Previous day's open int 2,053 (2,037)

CHICAGO

US TREASURY BONDS (CBT)
8% $100,000 32nds of 100%

	Latest	High	Low	Prev
Dec	79-19	79-21	79-19	79-21
March	78-12	78-14	78-08	78-13
June	77-09	77-11	77-04	77-09
Sept	76-09	76-09	76-08	76-08
Dec	75-08	75-08	75-04	75-08
March	74-13	74-13	74-12	74-12
June	—	—	—	73-18
Dec	—	—	—	72-07
March	—	—	—	71-29

US TREASURY BILLS (IMM)
$1m points of 100%

	Latest	High	Low	Prev
Dec	93.01	93.03	92.99	93.03
March	92.92	92.94	92.89	92.94
June	—	92.69	92.64	92.68
Sept	92.36	92.38	92.35	92.37
Dec	92.07	92.08	92.04	92.06
March	—	—	—	91.78
June	—	—	—	91.51
Sept	—	—	—	91.25

CERT DEPOSIT (IMM)
$1m points of 100%

	Latest	High	Low	Prev
Dec	92.40	92.42	92.35	92.43
March	—	92.29	92.25	92.30
June	—	—	—	91.98
Sept	—	—	—	91.64

THREE-MONTH EURODOLLAR (IMM)
$1m points of 100%

	Latest	High	Low	Prev
Dec	92.10	92.11	92.06	92.14
March	91.96	91.97	91.91	91.98
June	91.67	91.67	91.62	91.68
Sept	91.33	91.34	91.28	91.34
Dec	91.00	91.01	90.97	91.01
March	90.68	90.68	90.68	90.68
June	90.37	90.37	90.32	90.38
Sept	90.10	90.10	90.10	90.10

LIFFE—EURODOLLAR OPTIONS
$1m points of 100%

Strike price	Calls—Last Dec	March	June	Vol	Puts—Last Dec	March	June	Vol
90.00	2.11	1.97	1.75	—	0.00	0.00	0.05	—
90.50	1.61	1.49	1.30	—	0.00	0.02	0.10	—
91.00	1.11	1.02	0.90	5	0.00	0.05	0.20	—
91.50	0.62	0.61	0.57	—	0.01	0.13	0.37	1
92.00	0.21	0.30	0.31	20	0.10	0.33	0.61	171
92.50	0.03	0.11	0.10	—	0.42	0.64	0.95	—
93.00	0.00	0.03	—	—	0.89	1.06	—	—

Previous day's open int, Calls 3,128, Puts 3,322

LIFFE £/$ OPTIONS
£25,000 (cents per £1)

Strike price	Calls—Last Dec	March	June	Vol	Puts—Last Dec	March	June	Vol
1.20	21.96	21.96	21.96	—	0.00	0.13	0.73	—
1.25	16.96	16.96	16.96	—	0.00	0.43	1.48	—
1.30	11.96	11.96	11.96	—	0.01	1.12	2.70	—
1.35	5.96	7.12	8.74	—	0.24	2.24	4.49	—
1.40	2.89	4.85	6.14	10	1.39	4.55	6.89	120
1.45	0.79	2.79	4.14	30	4.29	7.49	9.89	—
1.50	0.13	1.48	2.88	—	8.63	11.12	13.43	—

Previous day's open int, Calls 10,279, Puts 16,585

LONDON SE £/$ OPTIONS
£12,500 (cents per £1)

Strike price	Calls—Last Dec	March	June	Vol	Puts—Last Dec	March	June	Vol
1.20	22.20	22.20	22.20	—	0.10	0.30	0.80	—
1.25	11.20	11.20	17.30	—	0.15	0.50	1.60	—
1.30	12.20	12.20	13.00	—	0.15	1.20	2.60	—
1.35	7.30	8.00	8.00	30	0.30	2.30	3.30	—
1.40	2.80	5.00	6.40	—	1.40	4.30	6.50	15
1.45	0.80	2.80	4.30	—	3.50	7.60	9.40	—
1.50	0.25	1.50	2.70	—	8.80	11.00	12.70	—

Previous day's open int, Calls 8,434, Puts 9,751

PHILADELPHIA SE £/$ OPTIONS
£12,500 (cents per £1)

Strike price	Calls—Last Dec	March	June	Vol	Puts—Last Dec	March	June	Vol
1.20	—	—	—	—	—	—	—	—
1.25	10.85	—	—	1	—	—	—	—
1.30	—	—	—	—	—	—	—	—
1.35	—	8.10	8.70	54	—	2.30	—	11
1.40	—	—	—	—	—	—	—	—
1.45	0.70	—	4.20	4	—	—	—	—
1.50	—	—	—	—	—	—	—	—

MONEY MARKETS

UK rates show little change

Interest rates were virtually unchanged from Friday in ths London money market yesterday. Trading was extremely quiet and featureless with sterling holding steady and US markets partly closed for a public holiday. Three-month interbank money was quoted at 11⅝-11¾ per cent compared with 11⅝-11¹¹⁄₁₆ per cent, while three-mooth eligible bank bills were bid at 11⁹⁄₃₂ per cent, unchanged from Friday. Overnight interbank money opened at 11½-11¾ per cent and touched 11¾ per cent before slipping to 11½-11¾ per cent. Later balances commanded up to 12 per cent, finishing nearer 11 per cent.

The Bank of England forecast a shortage of around £600m with factors affecting the market including maturing assistance and a take up of Treasury bills together draining £1,096m and banks' balances brought forward £75m below target. These were partly offset by a fall in the note circulation of £320m and Exchequer transactions adding a further £230m. The Bank gave assistance in the morning of £215m through outright purchases of £3m of aligible bank bills in band 1 at 11⅜ per cent, £129m in band 2 at 11⁵⁄₁₆ per cent and £64m in band 3 at 11¼ per cent. In band 4 it bought £1m of Treasury bills and £18m of eligible bank bills all at 11⁵⁄₁₆ per cent.

The forecast was later revised to a shortage of around £650m before taking into account the early help and the Bank gave further assistance in the afternoon of £336m. This comprised purchases of £14m of local authority bills and £45m of eligible bank bills in band 1 at 11⅜ per cent and £115m of eligible bank bills in band 2 at 11⁵⁄₁₆ per cent. In band 3 it bought £125m of eligible bank bills at 11¼ per cent and £37m in band 4 at 11⁵⁄₁₆ per cent. Total help amounted to 551m.

In Frankfurt the Bundesbank announced a 28-day repurchase facility at a fixed rate of 4.55 per cent. The agreement matures on December 11 and the total of allocations granted will be made known today. Successful applicants will receive the funds tomorrow. The latest move is timed to coincide with a maturing facility of DM 11.1bn and the unchanged rate of 4.55 per cent was seen as further indication of the Bundesbank's determination to hold a steady course on monetary policy.

UK clearing banks base lending rate 11½ per cent since July 30

NEW YORK RATES

(Lunchtime)

Prime rate	9½
Broker loan rate	9-9¾
Fed funds	n.a.
Fed funds at intervention	n.a.

Treasury Bills & Bonds

One-month	n.a.
Two-month	n.a.
Three-month	n.a.
Six-month	n.a.
One-year	n.a.
Two-year	n.a.
Three-year	n.a.
Four-year	n.a.
Five-year	n.a.
Seven-year	n.a.
10-year	n.a.
30-year	n.a.

FT LONDON INTERBANK FIXING

(11.00 a.m. Nov. 11)

Three months U.S. dollars		Six months U.S. dollars	
bid 8	offer 8 1/8	bid 8	offer 8 1/8

The fixing rates are the arithmetic means, rounded to the nearest one-sixteenth, of the bid and offered rates for $10m quoted by the market to five reference banks at 11 a.m. each working day. The banks are National Westminster Bank, Bank of Tokyo, Deutsche Bank, Banque Nationale de Paris and Morgan Guaranty Trust

LONDON MONEY RATES

Nov. 11	Over night	7 days notice	Month	Three Months	Six Months	One Year
Interbank	11-12	11⅛-11⅝	11⅝-11⅝	11⅝-11¾	11⅝-11⅝	11⅜-11½
Sterling CDs	—	—	11⅛-11⅝	11⅝-11⅝	11⅝-11⅝	11⅜-11⅝
Local Authority Depos	11⅛	11½-11⅝	11⅝	11⅝	11⅝	11⅝
Local Authority Bonds	—	—	12⅛	12	11⅞	11⅝
Discount Mkt Depos	11½-11⅝	11⅛-11⅝	11⅝	11⅛	—	—
Company Depos	11⅝-11⅝	11⅝-11⅝	11⅝	11⅝	—	—
Finance Hse Depos	—	—	11⅝	11½	11⅝	11⅝
Treasury Bills (Buy)	—	—	11⅜	11⅛	—	—
Bank Bills (Buy)	—	—	11⅝	11⅝	10⅞	—
Fine Trade Bills (Buy)	—	—	11⅝	11⅝	11⅝	—
Dollar CDs	—	—	7.85-7.95	7.85-7.95	7.85-7.95	8.05-8.15
SDR Linked Depos	—	—	7⅝-8	7⅝-8⅛	7⅞-8⅛	7⅞-8⅛
ECU Depos	—	—	8⅛-8⅜	8⅜-8⅝	8⅜-8⅝	8⅜-8⅝

Treasury Bills (sell): one-month 11⅛ per cent; three-months 11¼ per cent. Bank Bills (sell): one-month 11⅝ per cent; three-months 11⅝ per cent. Treasury Bills: Average tender rate of discount 11.1393 per cent. ECGD Fixed Finance IV: October 2 to November 5 (inclusive): 11.608 per cent. Local authority and Finance Houses seven days' notice, others seven days' fixed. Finance Houses Base Rate 12 per cent from November 1 1985. Bank Deposit Rates for sums at seven days' notice 6.25-6.625 per cent. Certificates of Tax Deposit (Series 6): Deposits £100,000 and over held under one month 11½ per cent; one-three months 11½ per cent; three-six months 11½ per cent; six-nine months 11½ per cent; nine-12 months 11½ per cent. Under £100,000 10¼ per cent from November 12. Deposits held under Series 5 11½ per cent. Deposits withdrawn for cash 7½ per cent.

MONEY RATES

Nov. 11	Ov'r-nig't	One Month	Two Months	Three Months	Six Months	Lombard Int'v'ntion
Frankfurt	4.50-4.55	4.60-4.7	4.75-4.85	4.75-4.90	4.80-4.95	5.5
Paris	9¼	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Zurich	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Amsterdam	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Tokyo	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Milan	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Brussels	9.10	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Dublin	9⅞-10	10-10¼	10¼-10½	10¼-10½	10¼-10½	—

Company Notices

Art Galleries

Clubs

£ WORLD VALUE OF THE POUND

The table below gives the latest available rate of exchange for the pound against various currencies on November 11, 1985. In some cases rate is nominal. Market rates are the average of buying and selling rates except where they are shown to be otherwise. In some cases market rates have been calculated from those of foreign currencies to which they are tied.

Abbreviations: (A) approximate rate, no direct quotation available; (F) free rate; (P) based on U.S. dollar parities and going sterling-dollar rates; (T) tourist rate; (Bas) basic rate; (bg) buying rate; (Bk) bankers' rates; (cm) commercial rate; (ch) convertible rate; (fn) financial rate; (exC) exchange certificate rate; (nc) non commercial rate; (nom) nominal; (o) official rate; (sg) selling rate; (c) controlled rate; (n) unified rate.

COUNTRY	CURRENCY	VALUE OF £ STERLING
Afghanistan	Afghani	99.00
Albania	Lek	9.96
Algeria	Dinar	(A)6.92
Andorra	French Franc	11.36
	Spanish Peseta	229.0
Angola	Kwanza	42.8725
Antigua	E. Caribbean $	3.83
Argentina	Austral	1.1368
Australia	Australian $	2.1255
Austria	Schilling	26.21
Azores	Portuguese Escudo	232.0
Bahamas	Ba. Dollar	1.4200
Bahrain	Dinar	0.5355
Balearic Isles	Spa Peseta	229.0
Bangladesh	Taka	41.80
Barbados	Barbados $	2.8560
Belgium	B. Franc	(com) 75.35
		(fn) 75.95
Belize	B $	2.84
Benin	C.F.A. Franc	568.0
Bermuda	Bda $	1.4200
Bhutan	Ngultrum	17.08
Bolivia	Bolivian Peso	(o) 106,500.0
Botswana	Pula	2.97
Brazil	Cruzeiro††	12,432.0
Brit. Virgin Isles	U.S. $	1.4200
Brunei	Brunei $	2.9930
Bulgaria	Lev	1.4260
Burkina Faso	C.F.A. Franc	568.0
Burma	Kyat	11.0000
Burundi	Burundi Franc	165.20
Cameroon	C.F.A. Franc	568.0
Canada	Canadian $	1.9560
Canary Islands	Spanish Peseta	229.0
Cape Verde Is	Cape V. Escudo	126.76
Cayman Islands	Cay. Is $	1.1855
Cent. Afr. Republic	C.F.A. Franc	568.0
Chad	C.F.A. Franc	568.0
Chile	Chilean Peso	255.70
China	Renminbi Yuan	4.5168
Colombia	Col. Peso	(F)229.53
Comoro Islands	C.F.A. Franc	568.0
Congo (Brazzaville)	C.F.A. Franc	568.0
Costa Rica	Colon	(U) 74.83
Cuba	Cuban Peso	1.2765
Cyprus	Cyprus £	0.7950
Czechoslovakia	Koruna	(com) 9.25
		n/c 15.10
		16.56
Denmark	Danish Kroner	13.4950
Djibouti	Djibouti Franc	235.0
Dominica	E. Caribbean $	3.83
Dominican Repub.	Dominican Peso	(o) 1.4200
		4.25(7)
Ecuador	Sucre	(o) 155.87
		(F) 167.92
Egypt	Egyptian £	(o) 1.1786
		(T) 1.2200
El Salvador	Colon	(o) 3.55
		(F) 6.99
Equatorial Guinea	C.F.A. Franc	568.0
Ethiopia	Ethiopian Birr	2.9300
Falkland Islands	Falkland Is £	1.0
Faroe Islands	Danish Kroner	13.4950
Fiji Islands	Fiji $	1.3854
Finland	Markka	7.8970
France	French Franc	11.36
French C'ty in Af.	C.F.A. Franc	568.0
French Guiana	Local Franc	11.36
French Pacific Is.	C.F.P. Franc	199.0
Gabon	C.F.A. Franc	568.0
Gambia	Dalasi	5.00
Germany (East)	Ostmark	3.7250
Germany (West)	Deutsche Mark	3.7250
Ghana	Cedi	85.2900
Gibraltar	Gibraltar £	1.0
Greece	Drachma	216.93

COUNTRY	CURRENCY	VALUE OF £ STERLING
Greenland	Danish Kroner	13.4950
Grenada	E. Caribbean $	3.83
Guadaloupe	Local Franc	11.36
Guam	U.S. $	1.4200
Guatemala	Quetzal	1.4200
Guinea	Syli	62.54
Guinea-Bissau	Peso	242.08
Guyana	Guyanese $	5.9726
Haiti	Gourde	7.10
Honduras	Lempira	2.85
Hong Kong	H.K. $	11.0700
Hungary	Forint	69.8035
Iceland	I. Krona	59.3500
India	Ind. Rupee	17.08
Indonesia	Rupiah	1,593.24
Iran	Rial	122.60(sg)
Iraq	Iraqi Dinar	0.4430
Irish Republic	Irish £	1.2060
Israel	Shekel	2,068.0
Italy	Lira	2,518.5
Ivory Coast	C.F.A. Franc	568.0
Jamaica	Jamaica Dollar	7.75(sg)
Japan	Yen	292.5
Jordan	Jordanian Dinar	0.5330
Kampuchea	Riel	N/A
Kenya	Kenya Shilling	23.34
Kiribati	Australian $	2.1255
Korea (Nth)	Won	1.35
Korea (Sth)	Won	1,267.50
Kuwait	Kuwaiti Dinar	0.4155
Laos	New Kip	49.70
Lebanon	Lebanese £	25.05
Lesotho	Maluti	3.7865
Liberia	Liberian $	1.4200
Libya	Libyan Dinar	0.4205
Liechtenstein	Swiss Franc	3.0625
Luxembourg	Lux Franc	75.35
Macao	Pataca	11.52
Madeira	Portuguese Escudo	232.0
Malagasy Republic	MG Franc	759.50
Malawi	Kwacha	2.5700
Malaysia	Ringgit	3.4500
Maldive Islands	Rufiyaa	10.01
Mali Republic	C.F.A. Franc	568.0
Malta	Maltese Lira	0.6100
Martinique	Local Franc	11.36
Mauritania	Ouguiya	109.21
Mauritius	M. Rupee	20.65
Mexico	Mexican Peso	(F)677.75
		(C)489.57
Miquelon	Local Franc	11.36
Monaco	French Franc	11.36
Mongolia	Tugrik	4.76
Montserrat	E. Caribbean $	3.83
Morocco	Dirham	14.03 (sg)
Mozambique	Metical	(A) 58.40
Namibia	S.A. Rand	3.7865
Nauru	Australian Dollar	2.1255
Nepal	Nepalese Rupee	30.90
Netherlands	Guilder	4.2050
Netherland Antilles	Antillian Guilder	2.56
New Zealand	N.Z. Dollar	2.4850
Nicaragua	Cordoba	(h) 39.76
Niger Republic	C.F.A. Franc	568.0
Nigeria	Naira	1.288034(sg)
Norway	Norwegian Krone	11.20
Oman Sul'ate of	Rial Omani	0.4910
Pakistan	Pakistan Rupee	22.56
Panama	Balboa	1.4200
Papua N. Guinea	Kina	1.3860
Paraguay	Guarani	345.24(10)
		986.90(7)

COUNTRY	CURRENCY	VALUE OF £ STERLING
Peru	Sol	exc(A) 18738.5
Philippines	Philippine Peso	25.69
Pitcairn Islands	£ Sterling	—
	New Zealand $	2.4850
Poland	Zloty	214.84
Portugal	Portuguese Escudo	232.50
Puerto Rico	U.S. $	1.4200
Qatar	Qatari Ryal	5.1705
Reunion Island	French Franc	11.36
Romania	Leu	(Cm) 5.81
		(NC) 16.24
Rwanda	Rwanda Franc	138.35
St. Christopher	E. Caribbean $	3.83
St. Helena	St. Helena £	1.0
St. Lucia	East Caribbean $	3.83
St. Pierre	Local Franc	11.36
St. Vincent	E. Caribbean $	3.83
Samoa American	U.S. $	1.4200
San Marino	Italian Lira	2,518.5
Sao Tome & Prin.	Dobra	59.65
Saudi Arabia	Saudi Ryal	5.1810
Senegal	C.F.A. Franc	568.0
Seychelles	S. Rupee	9.46
Sierra Leone	Leone	(O) 7.45
Singapore	Singapore $	2.9930
Solomon Islands	Solomon Is. $	2.2381
Somali Republic	Somali Shilling	61.97
South Africa	Rand	3.7865
Spain	Peseta	229.0
Spanish ports in North Africa	Peseta	229.0
Sri Lanka	S. L. Rupee	38.66
Sudan Republic	Sudan £	3.55
Surinam	S. Guilder	2.53
Swaziland	Lilangeni	3.7865
Sweden	S. Krona	11.2150
Switzerland	Swiss Franc	3.0625
Syria	Syrian £	(A) (T) 9.0
		(Cm) 5.57
Taiwan	New Taiwan $	56.79
Tanzania	Tan. Shilling	23.50
Thailand	Baht	38.31
Togo Republic	C.F.A. Franc	568.0
Tonga Islands	Pa'anga	2.1255
Trinidad	Trinidad & Tob $	3.42
Tunisia	Tunisian Dinar	1.1105(sg)
Turkey	Turkish Lira	799.39
Turks & Caicos	U.S. $	1.4200
Tuvalu	Australian $	2.1255
Uganda	Uganda Shilling	2,160.0
United States	U.S. Dollar	1.4200
Uruguay	Uruguay Peso	178.04
Utd. Arab Emirates	U.A.E. Dirham	5.2150
U.S.S.R.	Rouble	1.1237
Vanuatu	Vatu	144.10
Vatican	Italian Lira	2,518.5
Venezuela	Bolivar	(4) 6.11
		(6) 10.65
		(6) 21.09
Vietnam	Dong	(O) 101.82
Virgin Island U.S.	U.S. Dollar	1.4200
Western Samoa	Samoan Tala	(A) 2.9580
Yemen (Nth)	Ryal	(A) 9.94
Yemen (Sth)	S. Yemen Dinar	0.4870
Yugoslavia	New Y Dinar	426.3812
Zaire Republic	Zaire	75.5300
Zambia	Kwacha	3.50
Zimbabwe	Zimbabwe $	2.4000

‡ Rate is the transfer market (controlled). †† Now one official rate. (1) Essential goods. (2) Preferential rate for priority imports such as foodstuffs. (4) Preferential rate for public sector debt and essential imports. (5) Preferential rate. (6) Free rate for luxury imports, remittances of money abroad and foreign travel. (7) Parallel rate. (9) Banknote rates. (10) Rate for exports. (14) Nearly all business transactions.

LONDON SHARE SERVICE

BRITISH FUNDS

"Shorts" (Lives up to Five Years)

1985 High	Low	Stock	Price £	+ or –	Yield Int.	Red.
101	99	Exch. 11¼pc '86	99	.....	11.75	11.40
99	10	Treas. 10pcCnv 1986	99½	+	10.05	11.21
96½	92¾	Treas 3pc 1986	96	.....	3.12	10.84
100	97½	Exch. 10½pc Cv '86	99	+	10.54	11.31
101	99¾	Treas 12pc 1986	100	+	11.94	11.28
98½	94¾	Treas 8½pc 1984-86‡‡	98¼	.....	8.65	11.24
105	102	Exch. 14pc 1986	102½	+	13.66	11.16
94½	87¾	Exch. 2½pc 1986	94	.....	2.65	8.35
104	101¾	Exch. 13¼pc 1987	102¼	.....	12.97	11.18
99	96¾	Treas 10¼pcCv '87	99	+	10.35	11.03
93¼	85½	Exch 2½pc 1987	92	.....	2.70	8.60
100	96¾	Exch. 10½pc 1987	99	+	10.56	10.92
95	89	Funding 6½pc '85-87‡‡	94	.....	6.85	10.32
99	95½	Treas. 10pc 1987	98¾	+	10.13	10.95
91	84¾	Treas 3pc 1987	91¼	.....	3.29	8.82
102	99½	Treas. 12pc 1987	101	+	11.77	10.89
95	90¾	Treas 7¾pc 1985-88‡‡	94	–	8.21	10.60
100	95¾	Exch 10½pc '88	99	.....	10.56	10.70
98¾	93¾	Treas 9¾pc Cv '88	97	.....	9.98	10.83
87	80	Transport 3pc '78-88	86	.....	3.45	8.67
97	91½	Treas. 9½pc '88	96	.....	9.82	10.83
102¾	97½	Treas 11½pc 1989	101⅞	.....	11.29	10.76
97	90¾	Treas 9½pc Cnv. '89	96	.....	9.84	10.72
84	79	Treas 3pc 1989	83	.....	3.58	8.42
99¾	94	Treas 10½pc 1989	99¼	.....	10.58	10.70
98¾	92	Exch 10pc 1989	97	–	10.25	10.79
101	95	Exch 11pc 1989	100⅝	.....	10.93	10.78
86¾	79	Treas 5pc 1986-89	86	.....	5.81	9.34
108	103¼	Treas 13pc 1990‡‡	107¼	.....	12.06	10.62

Five to Fifteen Years

Over Fifteen Years

Undated

Index-Linked

INT. BANK AND O'SEAS GOVT STERLING ISSUES

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Hire Purchase, Leasing, etc.

BEERS, WINES & SPIRITS

BUILDING, TIMBER, ROADS

BUILDING, TIMBER, ROADS—Cont.

CHEMICALS, PLASTICS

DRAPERY AND STORES

DRAPERY & STORES—Cont.

ELECTRICALS

ENGINEERING

ENGINEERING—Continued

FOOD, GROCERIES, ETC

HOTELS AND CATERERS

HOTELS—Continued

INDUSTRIALS (Miscel.)

INDUSTRIALS—Continued

1985 High	1985 Low	Stock	Price	+ or −	Div Net	C'vr	Y'ld Gr's	P/E
45	34	Blackelton (P & W) 20p	44	.....				
77	46	Magnolia Group	74	.....	†1.7	2.3	5.5	9.1
60	28	Maunmet Hldgs 10p	60	+15	2.6	3.0	5.0	9.0
515	202	Man. Ship Can. £1	471	−5	—	—	—	97.9
114	70	Marley	114	+1	5.5	3.5	1.7	24.8
107	52	Marling Ind. 10p	93	−2	3.75	2.2	4.7	13.8
82	36	Marshall L'ey. 'A'	76	+2	d1.5	5.1	2.3	11.9
77	55	Marshall's Universal	68	.....	†2.4	4.9	4.5	5.5
88	78	Do 7½pcCnRedPf £1	88	.....	†2.0	1.4	4.2	(21.6)
£105	£81	Mathesons 7¾%	£105	.....	7½%	—	12.2	—
35	15	Maunprint 1p	17	.....	Q7¼%	2.3	17.6	—
551	375	Metal Box £1	544	−7	—	—	—	—
170	120	Metal Closures	117	.....	17.25	3.1	4.5	8.2
17	3	Metal Sciences 2½p	7½	.....	6.7	2.8	0.2	7.3
104	63	Midland Marts	77	−1	—	—	—	—
83½	55½	Mitchell Cotts	76	−2	4.0	2.1	7.5	9.1
230	182	Morgan Crucible	197xd	+1	4.25	♦	0.3	♦
33	22	Morris (W) F.A. 20p	26	.....	†8.0	1.6	5.8	13.7
131	91	Moss (Robt.) 10p	124	+1	g0.5	♦	2.2	♦
81	60	Myson Grp 10p	64	+½	3.0	2.9	3.5	13.7
328	214	NMW Computers	290	+10	g2.5	3.4	5.7	12.0
43	28	Nash Inds.	32	.....	†h4.8	2.7	2.4	22.3
48	15	Neil & Spencer 10p	15	.....	‡2.5	1.5	‡	7.4
44	14½	Newman Inds 10p	29	+1½	‡	—	—	4.5
46	26	Nolton	44xd	.....	20.3	—	1.3	(13.7)
214	146	Nortros	250	−1	d1.17	♦	3.8	♦
67	45	Nu-Swift 5p	50	.....	8.6	2.2	5.8	10.5
114	68	Oakwood Grp	102	+4	†3.0	1.9	8.6	8.1
250	150	Office & Elect	212	−2	†d4.5	1.4	6.3	(15.0)
108	75	Oldacre 20p	88	.....	†7.5	2.6	5.1	10.9
50	37	Optometrics $0.01	43	.....	4.0	2.6	6.5	7.8
495	312½	Oriflame £1	445	−5	ud02c	—	3.6	—
10	6	Ovenstone 12½c	8	.....	†23.4	1.0	5.3	10.5

LEISURE—Continued

1985 High	1985 Low	Stock	Price	+ or −	Div Net	C'vr	Y'ld Gr's
210	177	Central TV NV 50p	205	−2	10.5	2.3	7.5
235	170	Chrysalis	232	+2	5.6	2.6	3.4
52	7	Entertain Prod 5p	13	.....	bd2.25	2.1	24.1
79	50	Fairline Boats 10p	77	−1	†2.63	2.6	4.9
391	228	First Leisure £1	382	−3	†6.5	2.8	2.4
69	51	GRA Group 5p	66	−½	—	—	—
32	25	Grampian TVA 10p	30	.....	†h1.67	♦	7.9
170	117	HTV Non/Vtg	170	.....	7.7	2.9	6.5
148	78	Horizon	98	+3	4.4	3.6	6.4
184	90	Insight	158	−2	†12.5	6.5	2.1
140	102	Intl Leisure 10p	185	.....	4.8	3.1	6.7
232	105	Juliana's Hldgs 2p	185	.....	†2.0	1.8	2.4
300	217	LWT	285	.....	14.4	2.3	7.2
38	25	Leisure Inv 10p	33	.....	—	—	—
65	53	Leisuretime Int 10p	34	.....	†2.1	3.9	5.6
115	98	Lewmar	108	.....	u2.63	3.0	3.5
183	153	Media Tech Int 20p	160	−3	g2.58	5.4	2.3
205	124	Mecmissuer 10p	155	.....	5.35	♦	3.0
280	175	Miss World 10p	220	.....	3.6	4.3	2.3
127½	70	Nationwide Leisure	72	.....	†3.75	2.5	7.4
39	13½	Mincio Int 20c	13½	.....	—	—	—
27	19½	Owners Abroad	20½	.....	1.0	2.2	6.9
53	38	Photax (Lon.)	38	−2	—	—	—
24½	10	P'dilly Radio NV 5p	19	−½	1.87	1.1	14.1
90	30	Pineapple Dnc St 10p	40	.....	d1.5	1.2	5.4
336	183	Pleasurama 5p	336	+14	†h4.6	3.7	2.0
157	109	Do. 7pcCnCmRedPf	155	+2	7%	—	6.5
96	77½	Pres. Entertain 50p	87	+1	h2.0	2.1	3.3
65	10	Radio Clyde 'A' NV	18	.....	‡5.6	0.9	‡
55	37	Radio Clyde NV	37	−3	3.25	2.8	12.5
63	34	Riley Leisure 10p	44	.....	‡0.7	—	‡
193	143	Saga Hols. 20p	192	+12	†4.0	2.1	3.0

MINES—Continued

1985 High	1985 Low	Stock	Price	+ or −	Div Net	C'vr	Y'ld Gr's
123	92	Greenwich Res.	95	.....	—	—	—
215	115	Hampton Areas 10p	130	.....	3.75	0.9	3.9
260	135	Highwood Res.	145	−5	—	—	—
£22½	£15¾	Homestake Mining $1	£15¾	+⅛	Q20c	—	0.9
310	155	McFinley Red Lake	228	−10	—	—	—
335	195	Mueto Explorations	295	−5	—	—	—
55	23	New Sabina Res C$1	45	.....	—	—	—
375	195	Northgate C$1	220	−5	—	—	—
685	528	RTZ	528	−4	120.0	2.8	5.4
£145½	£116½	Do. 9⅛pcLn '95-2000	£119½	−½	Q9½%	14.0	(8.2)
980	882	Tara Expn $1	925	+25	—	—	—

NOTES

Unless otherwise indicated, prices and net dividends are in pence and denominations are 25p. Estimated price/earnings ratios and covers are based on latest annual reports and accounts and, where possible, are updated on half-yearly figures. P/Es are calculated on "net" distribution basis, earnings per share being computed on profit after taxation and unrelieved ACT where applicable; bracketed figures indicate 10 per cent or more difference if calculated on "nil" distribution. Covers are based on "maximum" distribution; this compares gross dividend costs to profit after taxation, excluding exceptional profits/losses but including estimated extent of offsettable ACT. Yields are based on middle prices, are gross, adjusted to ACT of 30 per cent and allow for value of declared distribution and rights.

- ■ "Tap Stock".
- * Highs and Lows marked thus have been adjusted to allow for rights issues for cash.
- † Interim since increased or resumed.
- ‡ Interim since reduced, passed or deferred.
- ‡‡ Tax-free to non-residents on application.
- ♦ Figures or report awaited.
- ▼ Not officially UK listed; dealings permitted under Rule 535(4)(a).
- ● USM, not listed on Stock Exchange and company not subjected to same degree of regulation as listed securities.
- †† Dealt in under Rule 535(3).
- ‖ Price at time of suspension.
- ¶ Indicated dividend after pending scrip and/or rights issue: cover relates to previous dividend or forecast.
- ♣ Merger bid or reorganisation in progress.
- ✦ Not comparable.
- ♠ Same interim: reduced final and/or reduced earnings indicated.
- § Forecast dividend; cover on earnings updated by latest interim statement.
- ‡ Cover allows for conversion of shares not now ranking for dividends or ranking only for restricted dividend.
- ☆ Cover does not allow for shares which may also rank for dividend at a future date. No P/E ratio usually provided.
- R No par value.

B.Fr. Belgian Francs. Fr. French Francs. ## Yield based on assumption Treasury Bill Rate stays unchanged until maturity of stock. a Annualised dividend. b Figures based on prospectus or other offer estimate. c Cents. d Dividend rate paid or payable on part of capital, cover based on dividend on full capital. e Redemption yield. f Flat yield. g Assumed dividend and yield. h Assumed dividend and yield after scrip issue. j Payment from capital sources. k Kenya. m Interim higher than previous total. n Rights issue pending. q Earnings based on preliminary figures. s Dividend and yield exclude a special payment. t Indicated dividend: cover relates to previous dividend, P/E ratio based on latest annual earnings. u Forecast dividend: cover based on previous year's earnings. v Subject to local tax. x Dividend cover in excess of 100 times. y Dividend and yield based on merger terms. z Dividend and yield include a special payment: Cover does not apply to special payment. A Net dividend and yield. B Preference dividend passed or deferred. C Canadian. E Minimum tender price. F Dividend and yield based on prospectus or other official estimates for 1984-85. G Assumed dividend and yield after pending scrip and/or rights issue. H Dividend and yield based on prospectus or other official estimates for 1986. K Figures based on prospectus or official estimates for 1984. M Dividend and yield based on prospectus or other official estimates for 1985-86. N Dividend and yield based on prospectus or other official estimates for 1985. P Figures based on prospectus or other official estimates for 1983. Q Gross. T Figures assumed. Z Dividend total to date.
Abbreviations: xd ex dividend; xc ex scrip issue; xr ex rights; xa ex all; xd ex capital distribution.

REGIONAL & IRISH STOCKS

The following is a selection of Regional and Irish stocks, the latter being quoted in Irish currency.

Stock	Price	+ or −
Albany Inv 20p	100	.....
Craig & Rose £1	800	+100
Finlay Pkg. 5p	54	.....
Higsons Brew	235	.....
Holt (Jos) 25p	720	+5
I&M Stm. £1	80	+6
IRISH		
Fund 11¼% 1988	£100⅛	+⅛
Nat. 9¾% 84/89	£95½	.....
Fin. 13% 97/02	£104¼	+½
Arnotts	220	.....
CPI Hldgs	63	.....
Carrol Inds.	138	−1
Dublin Gas	85	.....
Hall (R. & H.)	60	.....
Heiton Hldgs.	21	.....
Irish Ropes	45	.....
Unidare	110	.....

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(International Edition Page 42)

LONDON STOCK EXCHANGE

MARKET REPORT

Beecham news sends equities into reverse and index closes 12.2 down at 1070.3

Account Dealing Dates

*First Dealings	Option Declarations	Last Dealings	Account Day
Oct 28	Nov 7	Nov 8	Nov 18
Nov 11	Nov 21	Nov 22	Dec 2
Nov 25	Dec 5	Dec 6	Dec 16

* "New-time" dealings may take place from 9.30 am two business days earlier.

Optimism that London equities would extend their run to record heights was doused unexpectedly on the first session of a new trading Account yesterday. It was established soon after the opening that investors were not prepared to follow up Friday's late burst of buying enthusiasm ahead of the Prime Minister's speech at the Mansion House dinner and today's autumn financial statement from the Chancellor.

Leading shares suffered small losses and dealers began resigning themselves to a dull day. Most thought that interest would switch to current speculative favourites and stocks recommended in the weekend financial columns. Shortly after midday however the picture changed. Pharmaceutical leader Beecham surprisingly announced its half-yearly results ten days ahead of schedule. Profits showing only a marginal improvement on the previous year's level together with news of the resignation of Sir Ronald Halstead, chairman and chief executive, stunned the market.

Speculation developed of a boardroom split and the shares immediately came under sustained selling pressure. Other areas of the market soon became vulnerable with the fashionable Stores sector feeling the adverse effects of the latest retail sales figures. For the second consecutive month, volume was down from the buoyant summer level. Beecham continued to weaken in the after-hours' business and settled 41 lower at a low point for the year of 285p.

The loss affected the FT Ordinary Share Index, although it was countered to some extent by strength in constituent Lucas Industries. The latter jumped to 478p before closing a net 18 higher on the day at 466p on bumper preliminary profits which completely overshadowed the group's call for £90m via a rights issue of new shares. The FT Index closed 12.2 lower at 1070.3 after having improved initially to 1086.4, while the FT-SE 100-Share Index ended 14.6 down at 1375.5.

Sterling's more stable trend against the dollar made little difference to the Gilt-edged market. Interest remained exceptionally light and although selected maturities within the 1985-87 band managed small improvements, the trend elsewhere was to slightly lower levels.

Mercury easier

Mercury Securities, the feature of the banking sector last week following confirmation that Mr Saul Steinberg had acquired a 10 per cent stake in the company, slipped back in the absence of further support to close 15 cheaper at 685p. Elsewhere in Merchant Banks, Henry Ansbacher firmed 3 to 66p in response to the interim profits recovery and news that a group of Kuwaiti investors had bought a 11.8 per cent stake. The major clearers failed to hold initial gains and drifted back to close virtually unchanged. NatWest, however, managed to retain a rise of 77 at 702p.

Insurances were irregular. Commercial Union slipped to 252p prior to closing a couple of pence off at 254p awaiting tomorrow's third-quarter figures, but General Accident, with third-quarter results due the same day, rose 8 to 705p xd.

Office equipment suppliers Ronald Martin staged a bright debut in the Unlisted Securities Market; the shares opened a shade above the placing price of 90p and quickly moved up to 97p before settling at 96p.

Leading Breweries gave modest ground in subdued trading; investors appeared reluctant to take out fresh positions ahead of the forthcoming dividend season. Regionals, the subject of considerable speculative activity late last week, encountered small selling which brought small falls in Vaux, 403p, and Wolverhampton and Dudley, 408p. Matthew Brown held at 520p in a lively two-way business awaiting the Monopolies Commission decision on the Scottish and Newcastle situation.

Leading Building issues gave modest ground in thin trading. Blue Circle shed 8 to 562p following the acquisition of American ready mixed concrete manufacturer Williams Brothers Inc for $90m. Recently-firm RMC slipped 4 to 470p and Redland lost the turn at 340p, but BPB Industries continued to attract buyers ahead of the interim figures due on November 26 and rose 7 to 342p. Elsewhere, Countryside, a dull market on Friday following the £7.8m rights issue proposal, rallied a couple of pence to 318p.

ICI were a quiet market and fluctuated narrowly prior to closing a few pence dearer at 667p. Rentokil firmed 5 to 155p in reply to Press comment. Elsewhere, Amersham International came on offer following the acutely disappointing interim results and fell 23 to 302p.

Leading Stores, often a shade firmer, at the outset, dipped sharply as investment confidence was undermined by the disappointing provisional retail sales for October. Most issues subsequently staged a useful recovery from the lower levels, but losses still extended to double-figures. Woolworth and Burton both fell 15 to the common level of 580p; the latter's annual results are expected during the current Account. Marks and Spencer dipped to 175p before settling 4 cheaper on balance at 178p xd. Mail-orders were also severely hit, notably recently buoyant Freemans which declined to 368p before closing a net 10 off at 376p. Grattan, also supported of late, gave up 8 to 374p, after 362p, while Empire eased 6 to 160p, after 156p. Ward White encountered offerings and fell 12 to 304p, while Owen Owen, currently in receipt of an agreed offer from Ward White, closed 23 down at 512p. However, a number of bright spots emerged among secondary Stores. Bid talk resurfaced in Martin Ford, finally 5 higher at 59p, while Castle (GB) at 18p, recovered Friday's fall of 5 which followed the interim loss.

Leading Electricals followed the downward trend. Elsewhere, Logica remained friendless following recent news that the accounts had been qualified and fell afresh to 115p before settling a little above the worst at 122p, down 27 on the day. Micro Focus, on the other hand, took a marked turn for the better at 150p, up 40p, after last Friday's setback on the £2.8m interim deficit. AB Electronic revived with a rise of 13 at 188p, while favourable Press mention stimulated interest in Memory Computer, 6 higher at 18p, after 22p, and DDT, 9 better at 155p. Greenwich Cable advanced 6 to 18p amid European TV cable hopes.

Engineers passed a relatively quiet trading session. Among the occasional movements, Weir Group responded to Press mention with a rise of 3 to 71½p, while Cooper Industries, still reflecting recent news of J. W. Rosedale Investments' increased stake, firmed 1½ more to 28½p. TI, in contrast, gave up 5 to 408p awaiting possible Evered bid moves. Late demand left Vosper 19 higher at 234p.

The Food sector displayed a couple of firm features. Publicity given to a broker's circular stimulated Tate and Lyle which touched 548p prior to closing a net 7 up at 535p. United Biscuits met with renewed demand on US takeover hopes and gained 5 to 200p xd. Elsewhere, Avana came on offer following the interim results and cautious statement and fell away to close a net 10 down on the day at 590p.

Cookson good

Apart from the slump in Beecham, falls in the miscellaneous industrial leaders were usually fairly modest. Boots, however, reflecting the setback in stores, gave up 7 to 218p; the interim figures are due next week. Elsewhere, Cookson featured a gain of 11 at 366p following a broker's lunch with the company. Renewed demand left Avon Rubber 8 to the good at 328p, while Pearson were noteworthy for a rise of 15 at 355p. Press mention stimulated further interest in Cope Allman which gained 10½ to 264p xd, but Lawtex, a good market of late, reacted 6 to 96p. G. W. Sparrow hardened 3 to 81p following the letter to shareholders giving reasons for rejecting the bid from BET. J. H. Fenner came to life with a rise of 5 at 124p, while Blundell-Permoglaze, still reflecting bid hopes, put on 3 more to 143p. Acquisition news left BBA 4 firmer at 140p. Stag Furniture continued in demand and put on 6 further to 98p, while smaller priced issues to make headway included SI Group, up 2½ at 22½p, Allied Plant, 3 firmer at 19½p, and Dinkie Heel, 4½ better at 18½p.

Leisures provided several bright spots. Pleasurama, largely reflecting the efforts of one buyer, gained 14 to 336p, while persistent demand lifted Aspinall Holdings 8 to 141p. Saga Holidays revived strongly and rose 12 to 192p.

Automotive Products hardened a few pence to 92p, but other Motor Components failed to glean encouragement from Lucas Industries' excellent preliminary results. Elsewhere, Lotus touched 118p before settling 8 higher on balance at 117p on consideration of the proposed expansion.

Mr Robert Maxwell's British Printing and Communication fell 7 to 187p xd. Among dull advertising agencies, Boase Massimi Pollitt, the subject of unfavourable Press comment, slumped to a 1985 low of 250p before closing a net 37 lower at 275p.

Leading Property issues encountered scrappy selling. Land Securities, half-year figures due tomorrow, cheapened 4 to 318p, while MEPC softened a couple of pence to 310p. Great Portland Estates closed 2 off at 168p awaiting today's interim figures.

Oils easier

The oil sector remained depressed by the uncertain prospects for crude oil prices and the recent poor third-quarter results from Royal Dutch/Shell. The leaders opened a shade easier and gradually lost ground before steadying in the after-hours' trading. BP dipped to 548p prior to closing a net 6 cheaper at 550p, while losses in the region of 4 or 5 were common to Britoil, 208p, Enterprise Oil, 163p, and Burmah, 300p. LASMO touched 243p but recovered a shade to close 5 lower at 245p following news of an encouraging oil discovery in Colombia. Second-line issues provided a brace of firm features in Petranol, 10 up at 135p, after 140p, and Berkeley Exploration, 17 higher at 90p, reflecting talk of a possible merger of the two companies. Energy Capital attracted speculative interest and moved up 4 to 64p. Elsewhere, recent high-flyer Invent Energy retreated 25 to 365p, after 360p, and Industrial Scottish Energy 20 to 155p.

Good gains in Golds

South African gold and related issues made good progress for the fourth consecutive trading session. The continuing stability in the Financial Rand and a marginally firmer bullion price—the latter put on 75 cents to $323 an ounce—triggered renewed buying interest from London and Continental operators and share prices responded with strong gains at the outset. Subsequent demand, which mainly emanated from Switzerland, found the market short of stock in many of the leading Golds which thereafter made rapid progress before easing a fraction from their best levels after-hours.

The Gold Mines index advanced 10 points more to 255.2, a rise of over 37 points since last Tuesday when it fell to its lowest level since mid-July 1982.

Top quality stocks were especially in demand with Randfontein and "Amgold" outstanding and finally up £2¾ apiece at £47¾ and £40¾ respectively. Driefontein rose ¾ to £10¾. Kloof improved 30 to 468p and Deelkraal added 34 at 661p.

The Financial sector was equally impressive. Anglo American Corporation gradually gained ground to settle 55 higher at 715p, Gencor rose 20 to 580p and Gold Fields of South Africa put on 45 to 695p. De Beers edged up 7 to 295p.

London-domiciled Financials, however, were held back by the downturn in domestic equities. Consolidated Gold Fields touched 487p early on in the session, boosted by further press comment on the possibility of a consortium bid for the company, but later subsided to end the day only 3 firmer on balance at 480p.

Among the speculative issues, Gold & Base advanced to a year's best of 22p on a newsletter recommendation prior to easing on profit-taking and closing a net 3½ up at 19½p. Clogau Gold, on the other hand, were persistently sold and fell 4 to 12p, after 10p.

A strong performance by overnight Sydney and Melbourne markets boosted Australians at the outset, but best levels were not held in London as sterling improved against the Australian dollar.

Business in Traded Options was well spread throughout the list and total contracts struck amounted to 14,116. Courtaulds positions remained popular with 1,079 calls and 589 puts struck, while a lively evenly-balanced business was also transacted in British Telecom which attracted 945 calls and 973 puts. Beecham recorded 1,010 calls and 319 puts in the wake of the surprise announcement of the interim figures. Marks and Spencer were also wanted with 1,187 calls struck—the majority in the July 180's.

FINANCIAL TIMES STOCK INDICES

	Nov. 11	Nov. 8	Nov. 7	Nov. 6	Nov. 5	Nov. 4	year ago
Government Secs	83.27	83.29	83.52	83.70	83.57	83.95	85.37
Fixed Interest	89.06	89.10	89.34	89.46	89.50	89.64	85.97
Ordinary ♥	1070.3	1082.5	1073.5	1061.3	1073.5	1071.1	914.7
Gold Mines	255.2	245.2	238.3	227.0	217.5	222.9	558.9
Ord. Div. Yield	4.46	4.44	4.47	4.48	4.47	4.48	4.67
Earnings, Yld. %(full)	10.99	10.89	10.97	10.91	10.97	10.98	11.16
P/E Ratio (net) (*)	11.25	11.36	11.28	11.34	11.27	11.26	10.79
Total bargains (Est.)	26,390	25,920	35,552	25,882	24,721	25,431	24,250
Equity turnover £m.	—	594.88	589.71	560.96	812.94	416.83	294.99
Equity bargains	—	27,075	25,274	24,629	27,132	24,834	19,674
Shares traded (ml)	—	280.5	355.9	270.5	291.9	220.2	179.0

♥ 10 am 1082.7. 11 am 1081.7. Noon 1078.8. 1 pm 1076.4. 2 pm 1074.1. 3 pm 1072.8. 4 pm 1072.0.

Day's High 1086.4. Day's Low 1070.3.

Basis 100 Govt. Secs. 15/10/26. Fixed Int. 1928. Ordinary 1/7/35. Gold Mines 12/9/55. SE Activity 1974.

Latest Index 01-246 8026.

* Nil=10.85.

HIGHS AND LOWS

	1985 High	1985 Low	Since Compilat'n High	Since Compilat'n Low
Govt. Secs.	84.67 (15/10)	78.03 (28/1)	127.4 (9/1/35)	49.18 (3/1/75)
Fixed Int.	90.38 (25/10)	82.17 (28/1)	150.4 (28/11/47)	50.53 (3/1/75)
Ordinary	1082.5 (8/11)	911.0 (25/7)	1082.5 (8/11/85)	49.4 (26/6/40)
Gold Mines	535.9 (15/4)	217.6 (5/11)	734.7 (15/2/83)	43.5 (26/10/71)

S.E. ACTIVITY INDICES

	Nov. 8	Nov. 7
Daily Gilt Edged Bargains	138.9	151.4
Equities Bargains	175.4	165.8
Equities Value	1302.4	1101.0
5 day Average Gilt Edged Bargains	132.3	129.7
Equities Bargains	166.3	163.0
Equities Value	1284.1	1097.7

OPTIONS

First Dealings	Last Dealings	Last Declaration	For Settlement
Nov 4	Nov 15	Feb 6	Feb 17
Nov 18	Nov 29	Feb 20	Mar 3
Dec 2	Dec 13	Mar 6	Mar 17

For rate indications see end of Unit Trust Service

Stocks favoured for the call included Kia Ora, West Coast, ERF, Brunswick, Fine Art Developments, Gestetner, Vosper, STC, Pavion, Combined English Stores, Trusthouse Forte, Polly Peck, Northern Engineering Industries, Thomas Borthwick, Goodman Brothers and Southwest Resources. No puts or doubles were reported.

RECENT ISSUES

EQUITIES

Issue price	Amount paid up	Latest Renunc. date	1985 High	1985 Low	Stock	Closing price	+ or −	Net Div.	Times covered	Gross Yield	P.E. ratio
95	F.P.	7/11	108	87	AMS Inds. 3p	106	−1	b31.25	5.0	1.7	17.5
—	F.P.	—	3	3	Bardsey Warrants	6	.....	—	—	—	—
123	F.P.	1/11	233	202	Britell 10p	210xd	−2	113.0	3.0	8.9	6.0
§90	F.P.	8/11	122	98	✠Colorgen Inc. $0.01	107	.....	—	—	—	—
100	50	6/12	54	52	Cont'l.Assets Tst.†78p	54	.....	—	—	—	—
§88	F.P.	8/11	96	90	✠Cowells	90	−2	bg2.6	2.5	4.1	13.2
160	F.P.	6/12	170	160	Davidson Pearce 10p	170	+5	bg2.5	3.7	2.1	18.5
95	F.P.	20/10	109	102	✠Ealing Electro. 3p	104	−2	bg2.3	4.3	3.0	10.9
120	F.P.	18/11	116	104	Fairbriar 10p	104	.....	b4.0	1.6	5.5	0.5
§72	F.P.	29/11	75	68	✠Gibbon Lyons 10p	68	.....	bd35.2	—	7.4	12.4
§37	F.P.	—	66	31½	✠HampdenNmere 10p	65	−1	bg1.3	2.8	3.4	15.8
§94	F.P.	30/10	98	78	✠Infrared $0.16	85	.....	Q2.15c	3.2	1.8	—
§62	F.P.	6/11	63	50	✠Just Rubber 10p	55	.....	61.74	4.3	4.4	22.6
§90	F.P.	—	97	91	✠Martin (Rhnald) 10p	95	.....	bg3.27	2.5	4.9	11.1
§67	F.P.	22/11	79	69	✠Metsec 10p	62	.....	bg24.6	—	5.1	11.8
‡180	F.P.	25/10	127	100	✠Questel 10p	150	.....	bg4.0	2.5	3.6	11.5
§96	F.P.	8/11	100	90	✠Radius 3p	95	.....	bg2.66	3.1	4.0	15.2
¶330	F.P.	1/11	473	343	St. Ive's 10p	465	−5	bg8.0	2.2	2.5	19.0
§175	F.P.	22/11	192	175	✠Shandwick 3p	175	.....	u3.65	—	3.0	21.7
106	F.P.	22/11	100	97	Strata Invs.	98	−2	—	—	—	—
¶100	F.P.	—	212	204	Underwoods 10p	202	−4	bg1.33	3.0	1.2	41.1
**	F.P.	—	25	16	Vantage Secs. Wrrnts	23	.....	—	—	—	—

FIXED INTEREST STOCKS

Issue price £	Amount paid up	Latest Renunc. date	1985 High	1985 Low	Stock	Closing price £	+ or −
87.305	£30	—	32⅞	29⅝	Australia 9½% Ln. 2019	31⅛	.....
291.446	£30	17/1	29⅜	27¼	Bank of Greece 10¼% Ln. 2010	28⅝	−⅛
¶¶	F.P.	—	112	100	Bremner 10% Cnv. Uns. Ln. 1995	112	.....
‖	F.P.	26/11	132	110	Brit. Benzol 10% Conv. Uns. Ln. 1995	130	.....
106.458	£25	27/11	28½	25⅜	Brixton Est. 10¾% 1st. Mort. Deb. 2025	27⅛	.....
§100	F.P.	28/11	100⅞	100⅛	EastbourneWater 11.2% Red Db. 2005/8	100⅛	.....
§98.324	£40	3/12	44¼	40¾	Est. & Gen. Inv. 11¼% 1st Mort. Deb. 2016	43¼	.....
§97.617	£25	21/1	27¾	25¼	Evans of Leeds 11% 1st. Mort. Deb. 2025	26¼	.....
§99.27	F.P.	29/11	101¼	100¼	Hampton Tst. 11¼% 1st Mtg Deb 2025	100¼	.....
26.506	£25	10/1	25½	24⅞	Haslemere 10¾% 1st Mort. 2019	25	+⅛
88.466	£36	24/1	32⅛	29⅝	Intl. Bk. for Rec. & Dev. 9½% Ln. 2010	31⅛	−⅛
§92.898	£25	—	24¾	24⅛	Land Sec. 10% Deb. 2025	24¼	.....
100	£50	13/11	60	44	Nat. Home Loans 8% Cnv. Uns.Ln. 2005	99⅝	.....
—	F.P.	—	99⅛	99⅛	Nationwide 11⅝%. Bds. 09/10/86	99⅝	+⅛
—	F.P.	—	99¾	99¾	Do. 11⅝% 17/11/86	99¾	.....
§09.43	£26	21/2	25⅝	24¾	Peachey Prop. 10¾% 1st Mort. Deb. 2016	24⅞	+⅛
**	F.P.	29/11	115p	110p	Pittard 9½% Cum. Pref.	114p	.....
§32.967	F.P.	10/4	40¾	40¼	Safeway Deep Dis. Stepped Ln. 2011	40	.....

RIGHTS OFFERS

Issue price	Amount paid up	Latest Renunc. date	1985 High	1985 Low	Stock	Closing price	+ or −
33	F.P.	07/11	68	83	Braaway 10p	68	.....
25	Nil	—	15pm	15pm	Comm. Bk. Wales	15pm	.....
60	F.P.	21/11	94	75	Crowther (J)	94	+1
106	Nil	—	24pm	91pm	Fisher (Albert) 5p	21pm	.....
100	F.P.	3/12	136	128	Garfunkels' Rest. 10p	130	.....
225	P.P.	6/12	363	280	Mt. Nidge	335	−5

Renunciation date usually last day for dealing free of stamp duty. *b* Figures based on prospectus estimates. *g* Assumed dividend and yield. *H* Dividend and Yield based on prospectus or other official estimates for 1986. *u* Forecast otherwise indicated. ¶ Issued by tender. ‖ Offered holders of ordinary shares as a "rights." ** Issued by way of capitalisation. §§ Reintroduced. ¶¶ Issued in connection with reorganisation merger or takeover. ▮ Allotment price. †† Dealt in under Rule 535 (3). ♥ Dealt in under Rule 535 (4) (a). † Units comprising 5 ordinary shares and 1 warrant.

RISES AND FALLS YESTERDAY

	Rises	Falls	Same
British Funds	11	28	69
Corpns. Dom. & Foreign Bonds	9	15	38
Industrials	370	412	708
Financial & Props.	136	122	308
Oils	27	36	65
Plantations	2	1	15
Mines	81	21	105
Others	74	50	91
Totals	689	684	1,420

NEW HIGHS AND LOWS FOR 1985

NEW HIGHS (118)

BRITISH FUNDS (2)
CORPORATION LOANS (1)
LOANS (1)
BANKS (3)
BREWERS (1)
BUILDINGS (9)
CHEMICALS (2)
STORES (4)
ELECTRICALS (6)
ENGINEERING (7)
FOODS (5)
HOTELS (2)
INDUSTRIALS (24)
INSURANCE (2)
LEISURE (1)
MOTORS (3)
NEWSPAPERS (2)
PROPERTY (11)
SHOES (2)
TEXTILES (3)
TRUSTS (26)
MINES (1)

NEW LOWS (40)

AMERICANS (2)
Derma-Lock Med. Tracor
CHEMICALS (1)
Nickson Intl.
STORES (1)
House of Lerose
ELECTRICALS (9)
Acorn Computer Phicom
Air Call Powerline Intl.
CPU Computers Prestwick
Cranbrook Elect. Sarasota Technology
Microlease
ENGINEERING (1)
Smith Whitworth
HOTELS (1)
Aberdeen Steak House
INDUSTRIALS (4)
Beecham Pritchard Services
Bogod-Pelepah A Securiguard
LEISURE (1)
Radio Clyde N-V
PAPER (3)
ATA Selection Craton Lodge
Boase Massimi Poll.
PROPERTY (3)
Cons. Tern Invs. York Mount
Mayfair City Props.
TRUSTS (3)
Barrie Inv. & Fin. Newmarket
Kakuzi
OILS (5)
Cons. Intl. Petrol. Sapphire Petroleum
Goal Petroleum Tricentrol
Premier Cons.
OVERSEAS TRADERS (1)
REA
MINES (3)
Clogau Gold Malaysia Mining
Jason Mining RTZ
Kitchener Mining

FT-ACTUARIES SHARE INDICES

These indices are the joint compilation of the Financial Times, the Institute of Actuaries and the Faculty of Actuaries

EQUITY GROUPS & SUB-SECTIONS (Figures in parentheses show number of stocks per section)	Mon Nov 11 1985 Index No.	Day's Change %	Est. Earnings Yield% (Max.)	Gross Div. Yield% (ACT at 30%)	Est. P/E Ratio (Net)	xd adj. 1985 to date	Fri Nov 8 Index No.	Thurs Nov 7 Index No.	Wed Nov 6 Index No.	Year ago (approx.) Index No.
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
FT-SE 100 SHARE INDEX	1375.5	−14.6	1390.4	1375.5	1390.1	1384.0	1395.8	1382.7	1388.9	1175.1

FIXED INTEREST

PRICE INDICES	Mon Nov 11	Day's change %	Fri Nov 8	xd adj. today	xd adj. 1985 to date
British Government					
1 5 years	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
2 5-15 years	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
3 Over 15 years	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
4 Irredeemables	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
5 All stocks	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
6 Debentures & Loans	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
7 Preference	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

AVERAGE GROSS REDEMPTION YIELDS

	Mon Nov 11	Fri Nov 8	Year ago (approx.)
[illegible]	[illegible]	[illegible]	[illegible]

BRITISH GOVERNMENT INDEX-LINKED STOCKS

8 All stocks	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

† Flat yield. Highs and lows record, base dates, values and constituent changes are published in Saturday issues. A list of constituents is available from the Publishers, the Financial Times, Bracken House, Cannon Street, London, EC4P 4BY, price 15p, by post 28p. CONSTITUENT CHANGES: [illegible]

YESTERDAY'S ACTIVE STOCKS

Above average activity was noted in the following stocks yesterday.

Stock	Closing price	Day's change
Amersham Intl.	302	−23
Beecham	285	−41
Boase Massimi Pollitt	275	−37
Burton	580	−15
Freemans	376	−10
Grattan	374	− 8
Invent Energy	365	−25
Lucas Industries	466	+18
Marks and Spencer	178xd	− 4
Memory Computer	18	+ 6
Pearson	355	+15
Woolworth	580	−15

FRIDAY'S ACTIVE STOCKS

Based on bargains recorded in Stock Exchange Official List.

Stock	No. of changes	Fri. close	Day's change
TI	20	413	+17
Lasmo	28	250	+ 3
Ultramar	28	219	+12
Brown (M.)	26	520	+42
Distillers	24	457	+ 3
ICI	20	664	+ 2
Blundell-Perm.	19	140	+20
Brit. Aerospace	19	453	+ 6
Cns. Gld. Flds.	19	477	+ 0
Jaguar	19	328	+ 7
Simon Eng.	19	210	+14
Burton	12	595	+20

EUROPEAN OPTIONS EXCHANGE

Series		Nov. Vol.	Nov. Last	Feb. Vol.	Feb. Last	May Vol.	May Last	Stock
GOLD C	$340	3	0.10	3	6.60	6	12	$323.50
GOLD C	$360	—	—	—	—	10	6.50	"
GOLD P	$300	—	—	3	2.60	—	—	"
GOLD P	$340	5	16	2	17.50	—	—	"
GOLD P	$360	3	38	—	—	—	—	"
[illegible]		[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

TOTAL VOLUME IN CONTRACTS: [illegible]

A=Ask B=Bid C=Call P=Put

LONDON TRADED OPTIONS

Option		Calls Jan.	Calls Apr.	Calls July	Puts Jan.	Puts Apr.	Puts July
B.P. (*550)	500	65	75	—	3	18	—
	550	30	37	45	13	35	42
	600	11	16	23	53	62	33
Cons. Gold (*479)	390	107	117	—	2	1½	—
	420	77	90	97	3½	9	14
[illegible]		[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

Option		Calls Nov.	Calls Feb.	Calls May	Puts Nov.	Puts Feb.	Puts May
P. & O. (*426)	390	38	60	37	2	7	11
	420	12	50	37	8	17	23
	460	2	12	22	38	40	42
Racal (*136)	120	18	26	34	1	2½	6
	130	8	18	23	6	7	10
[illegible]		[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

November 11 Total contracts 14,116 Calls 10,548 Puts 3,568

*Underlying security price

WORLD STOCK MARKETS

AUSTRIA

Nov. 11	Price Sch.	+ or −
Creditanst'lt ppd	880	15
Goesser	491	+8
Interunfall	1,500	+60
Laenderbank	350	+4
Perimooser	815	−5
Stey-Daimler	157	+7
Voitscher Mag.	789	−1

BELGIUM/LUXEMBOURG

Nov. 8	Price Frs.	+ or −
B.B.L.	2,530	−20
Banq.Gen. Lux.	8,700	
Banq. Int.A.Lux	8,100	
Bekaert	8,590	+780
Ciment CBR	9,850	
Cockerill	214	+1
Delhaize	6,600	−10
EBES	6,770	+90
Electrobel	10,800	
Fabrique Nat.	2,120	−60
GB Inno BM	5,180	+50
GBL (Brux)	2,825	−5
Gevaert	4,600	−40
Hoboken	6,500	−170
Intercom	2,880	+20
Kredietbank	11,000	+300

GERMANY

NORWAY

SPAIN

SWEDEN

SWITZERLAND

ITALY

DENMARK

FRANCE

NETHERLANDS

AUSTRALIA

AUSTRALIA (continued)

HONG KONG

JAPAN

JAPAN (continued)

SINGAPORE

SOUTH AFRICA

NOTES—Prices on this page are as quoted on the individual exchanges and are last traded prices. § Dealings suspended. xd Ex dividend. xc Ex scrip issue. xr Ex rights. xa Ex all.

CANADA

TORONTO

Prices at 2.30pm November 11

F—No voting rights or restricted voting rights.

Total Sales 2,878,914 shares

MONTREAL

Closing prices November 8

Indices

NEW YORK

STANDARD AND POORS

N.Y.S.E. ALL COMMON

RISES AND FALLS

NYSE-Consolidated 1500 Actives

TORONTO

MONTREAL Portfolio

** Saturday November 9: Japan Nikkei n. TSE n.

NYSE COMPOSITE PRICES

Continued from Page 45

OVER-THE-COUNTER

Nasdaq national market, 2.30pm prices

Continued from Page 45

LONDON

Chief price changes (in pence unless otherwise indicated)

RISES		
A B Electr	188	+13
Avon Rubber	328	+8
Berkeley Expln	90	+17
Castle (GB)	18	+5
Cookson	368	+11
Geevor Tin	87	+5
Gold & Base Met.	19½	+3½
Green Cab Com	18	+6
Group Lotus	117	+8
Lucas Inds	466	+18
Memory Comp	18	+6
Micro Focus	150	+40
Petranol	135	+10
Pleasurama	336	+14
Saga Holidays	192	+12
Tate & Lyle	535	+7
Utd Biscuits	200 xd	+5

FALLS		
Amersham Intl	302	−23
Avana	590	−19
Beecham	285	−41
Blue Circle	562	−8
Boase Mass Poll	275	−37
BPCC	187 xd	−7
Burton	580	−15
Freemans	375	−10
Ind Scot Ener	155	−20
Invent Energy	365	−25
Logica	122	−37
Mercury Secs	685	−15
Ward White	304	−12

Prices at 3pm, November 11

NEW YORK STOCK EXCHANGE COMPOSITE PRICES

12 Month High	12 Month Low	Stock	Div.	Yld.	P/E	Sls 100s	High	Low	Close Quote	Ch'ge Prev. Close
24⅝	16	AAR	.56	2.4	15	46	23¾	23¼	23⅜	+⅛
17⅜	9⅝	AGS			14	198	u18⅞	16⅞	16¼	+1¼
14	8⅞	AMCA				15	10⅛	10⅛	10⅛	+⅛
50¾	29¾	AMR			7	2123	41⅞	41⅛	41¼	−½
25⅞	23	ANR pf	2.87	11.		13	24⅝	24⅜	24⅝	+⅜
22	18	ANR pf	2.12	11.		1	20	20	20	
13⅜	7⅝	APL				80	10	9⅞	10	+⅛
81⅛	32¾	ASA	2a	5.0		195	35¾	35⅜	35⅜	−¼
27	10½	AVX	.32	2.9		101	11	10¾	11	+⅛
28⅛	18¾	AZP	2.72	11	7	743	25⅜	25⅛	25⅜	+¼
60⅝	38⅝	AbtLab	1.40	2.3	19	863	60⅛	59½	60⅛	+½
25⅞	18⅝	AccoWd	.50	2.1	17	347	23⅜	22⅞	23⅜	+½
24¾	16	AcmeC	.40	3.8		367	10½	10¼	10¼	
10½	7	AcmeE	.32b	4.6	11	22	7⅛	7	7	−⅛
18	15½	AdaEx	1.92e	11.		59	18	17¾	17⅞	+⅛
20	13½	AdmMl	.40	2.1	0	20	18¾	19	19¼	−⅛
14⅞	8⅝	AdvSys	.53t	3.8	20	47	14⅛	13⅝	13¾	−¼
36⅝	22⅛	AMD			35	1308	24⅝	24⅛	24⅛	−⅜
11⅛	10¾	Adobe n				7	10¾	d10⅝	10¾	
15⅞	14⅝	Adob pfA				74	15⅛	15	15	
19⅝	15¼	Adob pfB				80	19⅝	16¼	16⅝	
12⅞	6⅞	Advest	.12	1.1	15	849	11¼	10½	10⅞	+½
14½	9	Aerflex			14	209	n15	14⅝	14⅞	+⅝
53	34⅝	AetnLf	2.64	5.1	17	2762	51⅞	51⅜	51⅛	+¾
38⅝	22⅛	Ahmns	1.30	3.2	0	868	37⅞	37⅜	37⅞	+⅛
3⅝	2½	Aileen				68	2¾	2⅝	2¾	

Continued on Page 45

NYSE COMPOSITE PRICES

Continued from Page 44

12 Month High	Low	Stock	Div.	Yld.	P/E	Sls 100s	High	Low	Close Quote	Ch'ge Prev. Close
17¼	8⅝	PNH pfB				8	15¾	15⅝	15¾	+¼
24⅞	13	PNH pfC				1	22⅝	22⅝	22⅝	
22¼	11¾	PNH pfE				16	20¼	20⅛	20¼	+⅜
19⅞	9¾	PNH pfF				3	17¾	17¾	17¾	
20⅛	10½	PNH pfG				10	19½	18¾	19⅛	−½
29½	22⅝	PSvNM	2.92	10	9	288	28⅛	27¾	28	+¼
32½	25	PSvEG	2.84	8.4	8	2821	30¼	29⅝	30¼	+⅛
15	11¾	PSEG pr	1.40	10.		2	13⅞	13¾	13¾	+⅜
39	30¼	PSEG pf	4.08	11.		z180	37½	37½	37½	
39	31¼	PSEG pf	4.18	11.		z1000	38¾	38¾	38¾	−¼
40½	31⅜	PSEG pf	4.30	11.		z1200	39¾	39½	39½	+⅜
48	37¼	PSEG pf	5.08	11.		z1000	47⅛	47⅛	47⅛	−⅜
49¼	39	PSEG pf	5.28	11.		z30	48⅝	48⅝	48⅝	+⅞
20¾	16½	PSEG pf	2.17	10.		11	20¼	20	20¼	+⅜

Sales figures are unofficial. Yearly highs and lows reflect the previous 52 weeks plus the current week, but not the latest trading day. Where a split or stock dividend amounting to 25 per cent or more has been paid, the year's high-low range and dividend are shown for the new stock only. Unless otherwise noted, rates of dividends are annual disbursements based on the latest declaration.

a–dividend also extra(s). b–annual rate of dividend plus stock dividend. c–liquidating dividend. cld–called. d–new yearly low. e–dividend declared or paid in preceding 12 months. g–dividend in Canadian funds, subject to 15% non-residence tax. i–dividend declared after split-up or stock dividend. j–dividend paid this year, omitted, deferred, or no action taken at latest dividend meeting. k–dividend declared or paid this year, an accumulative issue with dividends in arrears. n–new issue in the past 52 weeks. The high-low range begins with the start of trading. nd–next day delivery. P/E–price-earnings ratio. r–dividend declared or paid in preceding 12 months, plus stock dividend. s–stock split. Dividends begins with date of split. sls–sales. t–dividend paid in stock in preceding 12 months, estimated cash value on ex-dividend or ex-distribution date. u–new yearly high. v–trading halted. vi–in bankruptcy or receivership or being reorganised under the Bankruptcy Act, or securities assumed by such companies. wd–distributed. wi–when issued. ww–with warrants. x–ex-dividend or ex-rights. xdis–ex-distribution. xw–without warrants. y–ex-dividend and sales in full. yld–yield. z–sales in full.

Continued on Page 43

AMEX COMPOSITE PRICES

Prices at 3pm, November 11

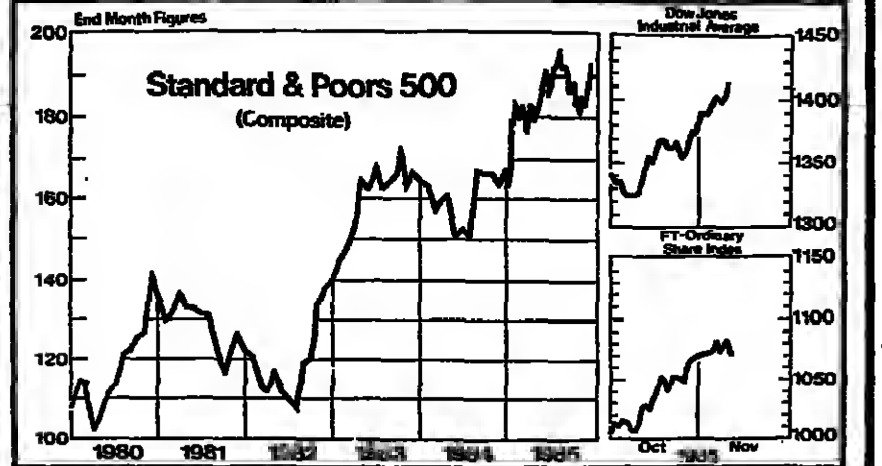
OVER-THE-COUNTER

Nasdaq national market, 2.30pm prices

Continued on Page 43

FINANCIAL TIMES
WORLD STOCK MARKETS

KEY MARKET MONITORS

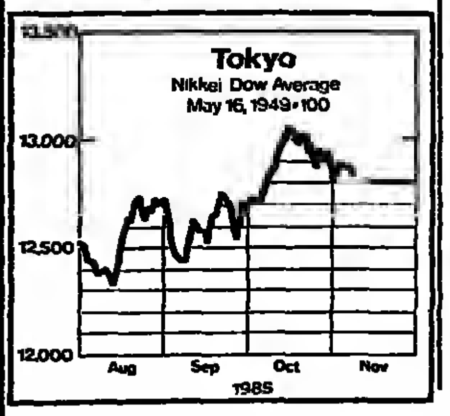


STOCK MARKET INDICES

	Nov 11	Previous	Year ago
NEW YORK			
DJ Industrials	1,415.95*	1,404.36	1,218.87
DJ Transport	678.02*	678.14	532.43
DJ Utilities	163.11*	161.93	145.77
S&P Composite	194.90*	193.72	167.60
LONDON			
FT Ord	1,070.3	1,082.5	914.7
FT-SE 100	1,375.5	1,390.1	1,164.2
FT-A All-share	671.62	676.1	555.05
FT-A 500	733.03	738.93	606.95
FT Gold mines	255.2	245.2	558.9
FT-A Long gilt	10.44	10.44	10.08
TOKYO			
Nikkei	12,821.26	12,851.05	11,239.3
Tokyo SE	1,010.10	1,012.83	853.36
AUSTRALIA			
All Ord.	1,031.8	1,012.4	779.2
Metals & Mins.	509.9	504.4	476.4
AUSTRIA			
Credit Aktien	100.96	100.8	57.63
BELGIUM			
Belgian SE	closed	2,826.06	162.10
CANADA			
Toronto			
Metals & Minls	1,874.1*	1,839.45	2,044.00
Composite	2,765.3*	2,748.3	2,416.5
Montreal			
Portfolio	134.45*	133.17	120.11
DENMARK			
SE	n/a	228.86	170.78
FRANCE			
CAC Gen	closed	227.7	180.6
Ind. Tendance	closed	130.1	98.3
WEST GERMANY			
FAZ-Aktien	586.46	590.86	372.02
Commerzbank	1,742.9	1,755.0	1,086.3
HONG KONG			
Hang Seng	1,722.40	1,722.38	1,047.32
ITALY			
Banca Comm.	404.50	411.27	211.28
NETHERLANDS			
ANP-CBS Gen	232.6	230.7	179.5
ANP-CBS Ind	210.6	208.6	139.8
NORWAY			
Oslo SE	404.90	400.53	277.21
SINGAPORE			
Straits Times	closed	780.27	817.74
SOUTH AFRICA			
JSE Golds	–	1,075.6	1,055.0
JSE Industrials	–	931.8	895.7
SPAIN			
Madrid SE	126.90	125.80	98.65
SWEDEN			
J & P	1,504.77	1,508.06	1,402.20
SWITZERLAND			
Swiss Bank Ind	530.6	533.1	380.0
WORLD	Nov 8	Prev	Year ago
Capital Int'l	235.5	236.3	188.5

COMMODITIES

(London)	Nov 11	Prev
Silver (spot fixing)	428.00p	426.25p
Copper (cash)	£958.25	£960.50
Coffee (Nov)	£1,797.50	£1,833.00
Oil (spot Arabian Light)	$27.90	$27.80



GOLD (per ounce)

	Nov 11	Prev
London	$323.00	$322.25
Zürich	$323.10	$322.00
Paris (fixing)	$322.89	$324.87
Luxembourg	$323.50	$322.50
New York (Dec)	$324.30	$325.60

** Latest available figure*

CURRENCIES

(London)	U.S. DOLLAR Nov 11	U.S. DOLLAR Previous	STERLING Nov 11	STERLING Previous
$	–	–	1.42	1.417
DM	2.6235	2.622	3.725	3.715
Yen	205.9	205.5	292.5	291.25
FFr	8.0	7.985	11.36	11.315
SFr	2.156	2.155	3.0625	3.055
Guilder	2.961	2.9545	4.205	4.1875
Lira	1,773.5	1,769.5	2,518.5	2,507.5
BFr	53.05	53.0	75.35	75.1
C$	1.3775	1.376	1.956	1.9512

INTEREST RATES

	Nov 11	Prev
Euro-currencies (3-month offered rate)		
£	11 11/16	11 11/16
SFr	4 5/16	4 5/16
DM	4 13/16	4 13/16
FFr	9½	9½
FT London Interbank fixing (offered rate)		
3-month U.S.$	8⅛	8 3/16
6-month U.S.$	8⅛	8 3/16
U.S. Fed Funds	n/a	9⅞
U.S. 3-month CDs	7.80*	7.86
U.S. 3-month T-bills	7.20*	7.48

U.S BONDS

Treasury		Nov 11* Price	Nov 11* Yield	Prev Price	Prev Yield
8⅞	1987	closed	closed	100 13/32	8.646
9¾	1992	closed	closed	100 5/32	9.724
10½	1995	closed	closed	103 27/32	9.898
10¾	2015	closed	closed	104 5/32	10.182

Treasury Index Maturity (years)	Nov 11* Return index	Day's change	Yield	Day's change
1–30	closed	closed		
1–10	closed	closed		
1– 3	closed	closed		
3– 5	closed	closed		
15–30	closed	closed		

Source: Merrill Lynch

Corporate	Nov 11* Price	Nov 11* Yield	Prev Price	Prev Yield
AT & T				
10⅜ June 1990	closed	closed	101½	9.90
3⅞ July 1990	closed	closed	83⅜	8.25
8⅝ May 2000	closed	closed	85⅜	10.60
Xerox				
10⅞ Mar 1993	closed	closed	101⅞	10.47
Diamond Shamrock				
10⅜ May 1993	closed	closed	99	10.80
Federated Dept Stores				
10⅜ May 2013	closed	closed	94⅜	11.20
Abbot Lab				
11.80 Feb 2013	closed	closed	103¼	11.30
Alcoa				
12¼ Dec 2012	closed	closed	103.00	11.75

Source: Salomon Bros

FINANCIAL FUTURES

CHICAGO	Latest	High	Low	Prev
U.S. Treasury Bonds (CBT) 8% 32nds of 100%				
Dec	79–19	79–21	79–15	79–21
U.S. Treasury Bills (IMM) $1m points of 100%				
Dec	93.03	93.03	92.99	93.03
Certificates of Deposit (IMM) $1m points of 100%				
Dec	92.42	92.42	92.35	92.43
LONDON				
Three-month Eurodollar $1m points of 100%				
Dec	92.11	92.12	92.06	92.06
20-year Notional Gilt £50,000 32nds of 100%				
Dec	111–19	111–30	111–18	111–28

** Latest available figures*

WALL STREET

Rate hopes spur climb to peaks

HOPES of further falls in US interest rates, reinforced by speculation of a cut in the federal discount rate, spurred Wall Street stocks to new peaks yesterday, despite the closure for Veterans Day of the federal bond markets and banks, *writes Terry Byland in New York.*

Turnover exceeded recent levels, as stocks in the overseas earners came back into favour after the recent bout of profit-taking. Also firmer were the retail issues and Wall Street brokerage stocks.

At 2pm, the Dow Jones industrial average was 11.58 up at 1,415.94.

Stocks were firm across the broad range, and the closure of the Federal banks proved no discouragement to stock-market trading.

The day's shutdown in the Federal bond markets provided a gloomy start to a worrying week. The credit market faces a heavy schedule of Federal and municipal debt issues, as well as a number of significant financial deadlines for Congress and the US financial system.

Treasury officials have warned that the Federal Government will effectively run out of cash at mid-week unless Congress approves the new $2 trillion (million million) Federal debt ceiling and also extends the short-term financing bill.

However, Wall Street still regards the annual debt-ceiling wrangle as largely political posturing.

The stock market's conviction that US interest rates will continue to fall as the Federal authorities try to lower the dollar's foreign exchange rate, was fuelled at the weekend by Dr Henry Kaufmann, the chief economist at Salomon Bros, who drew attention back to the prospects for a cut in the Federal discount rate, presently at 7.5 per cent.

Federal bonds were not quoted yesterday, but the December bond futures contract was a shade easier. Municipal and corporate issues also softened, but were slack in the absence of a lead from the Federal markets.

In the stock market, IBM climbed $⅞ to 133⅜, within $5 of its peak price. Other technical stocks were mixed, with Honeywell adding $¼ to $64⅜, Burroughs $¼ to $57½, while Digital Equipment eased $¼ to $114⅜.

Indications that the Christmas selling season was making a successful start brought further gains in retail stocks. Sears rose $⅜ to $36¼ but Macy dipped $⅝ to $63⅞ as the market expressed dissatisfaction with the absence of a formal bid from the management group which has proposed a $3.6bn buyout.

Motor stocks, too, responded to the optimism over consumer spending. At $67⅞, General Motors added $⅞, while Chrysler added $⅛ to $41⅛ and Ford $⅛ to $47⅜.

Merck, the pharmaceutical leader which figures in the Dow Jones 30-share industrial average, turned sharply higher again, rising $1⅞ to a 52-week high of $120⅞.

Among the other heavy overseas earning issues, Pfizer added $⅜ to $49½, Bristol-Myers gained $⅞ to $60⅜, and Abbott Laboratories $¼ to $59⅞.

Stocks of the major chemical groups, which have large overseas interests, also strengthened, Monsanto added $⅜ to $42⅜ and Dow $⅜ to $38⅞. At $60⅛, Union Carbide gained $½ after renewed speculation on the causes of the Bhopal disaster.

Walt Disney Productions bounded ahead $1⅞ to $94⅜ after announcing sharply higher profits. Control Data, however, eased $¼ to $17⅞ as the sale of its business products division opened the way to the predicted streamlining of operations.

The most active stock on the NYSE was Potlatch, down $1½ at $40½, with more than 1m shares traded after the board said it would try to thwart the Belzberg bid of $45 a share in cash by buying in up to one fifth of the equity.

Also active again was Westinghouse, up $½ at $43¼ as speculators hoped for further asset sales. Among the Wall Street firms, Phibro-Salomon Bros gained $⅞ to $40⅜ in active trading.

EUROPE

Amsterdam resists the lethargy

LETHARGY spread across Europe yesterday where trading was dulled by local holidays in some bourses. Elsewhere, the slower pace left prices mixed to lower.

Amsterdam, however, failed to succumb to this mood and firmed, leaving the ANP-CBS general index 1.9 higher at 232.5, just below its 233.0 peak.

Sentiment was strengthened by news that the Netherlands plans to open its capital markets completely from January in a move aimed to keep abreast of liberalisation elsewhere in Europe.

Overseas investors sought insurers and heavy demand was seen for food company Wessanen, which jumped Fl 6.30 to a record level for 1985 of Fl 232.50.

The Paris and Brussels bourses were closed for a holiday yesterday

Among internationals, Unilever rose Fl 3.50 to Fl 365 ahead of its third-quarter results due today, Akzo gained Fl 1.30 to Fl 129.60, while Hoogovens added Fl 1.80 to Fl 74.80.

Publishers continued to strengthen with VNU Fl 6.50 higher at Fl 257.50 and Elsevier Fl 1.50 ahead at Fl 149.50.

NMB shot up Fl 12.50 to Fl 224, ABN gained Fl 2 to Fl 547 and Westland Utrecht ended Fl 1.20 higher at Fl 94.50.

Profit-taking hit selected bond issues and prices faded, unaffected by liberalisation plans which will introduce floating rate notes and zero-coupon bonds among other measures.

A tentative late rally in **Frankfurt** dragged prices up from their worst levels of the day, but most still remained lower.

An analysis by Bank für Gemeinwirtschaft said prospects for further gains by West German issues remained bright. Extremely volatile trading, sharp technical corrections and subsequent severe rebounds will typify short-term trading, the bank forecast.

Electricals and engineerings led the market lower in yesterday's dull session. The Commerzbank index shed 12.1 to 1,742.9.

Siemens lost DM 5.50 to DM 656.50, AEG DM 6 to DM 240.50 and SEL 20 pfg to DM 349.80. Deutsche Babcock shed DM 8 to DM 221.

Banks were mixed with Deutsche gaining DM 1 to DM 713.50, Dresdner shedding DM 1 to DM 342.50 and Commerzbank dropping DM 5.80 to DM 265.70.

Bonds ended mixed, with shorter maturities adding up to 10 pfg and longer issues losing up to 40 pfg.

The Bundesbank bought a moderate DM 20.4m worth of domestic paper after buying DM 20.7m worth on Friday.

Zurich finished mixed to slightly firmer and the Credit Suisse index edged higher to a peak of 456.0 from 455.0 on Friday.

Profit-takers were responsible for the steadier tone and issues which suffered the greatest losses yesterday had been among the sharpest gainers in last week's rallies.

Insurers faded while banks and industrials were mixed. Baer Holding added SFr 200 to reach a high of SFr 12,000, while Bank Leu shed SFr 25 to SFr 4,250. Both Winterthur and Zurich Insurance were steady at SFr 4,950 and SFr 5,775 respectively and George Fischer remained unchanged at SFr 1,125.

Bonds closed steady to slightly higher on average volume.

Milan was depressed by position squaring as the end of the bourse month approached.

Industrials, insurers and financials were all weaker with Fiat off L109 at L4,590, Olivetti L40 down at L7,380, Generali L810 weaker at L63,800 and Bastogi L14 worse off at L421.

Prices ended little changed in an active **Stockholm** as expectations of a cut in domestic interest rates continued to gain momentum.

Fermenta kept its position as the most traded share and continued to rise for the 10th trading day to end SKr 6 higher at SKr 121.

Ericsson was also active but shed SKr 7 to SKr 198 on fears of disappointing interim results due on Thursday.

Madrid moved higher and food and communication issues led the advance.

LONDON

OPTIMISM that London equities would extend their record run proved short-lived yesterday on the first day of the new account.

Leading issues suffered only small losses until pharmaceutical major Beecham stunned the market with poor interim results 10 days ahead of schedule and the resignation of its chairman. It lost 41p to 385p.

The loss affected the FT ordinary index but was partly offset by the strength of Lucas Industries, 18p higher to 466p.

The FT index finished 12.2 down at 1,070.3 and the FT-SE 100 fell 14.6 to 1,375.5.

Gilts ignored the firmer showing of sterling against the dollar and quotations turned slightly lower.

Chief price changes, Page 43; Details, Page 42; Share information service, Pages 40-41

AUSTRALIA

RECURRING SPECULATION that a takeover bid for BHP by Mr Robert Holmes à Court was imminent fuelled a dramatic surge in Sydney, pushing the All Ordinaries index 19.2 higher to 1,031.8.

BHP soared 62 cents to A$9.20 in heavy trading and provided the incentive for a broad range of gains in the industrial sector. Resources and mining stocks also gained ground due to expectations of higher earnings from exports as the Australian dollar weakens.

Mr Holmes à Court's Bell Resources rose 26 cents to A$5.26 and Adelaide Steamship, linked to Bell Resources in a BHP options pact, sprinted 90 cents ahead to A$10.50.

Banks, due to report later in the week, were active with Westpac 24 cents up at A$5.06 and National 5 cents higher at A$4.85.

Among the recently buffeted tin miners, Aberfoyle firmed 10 cents to A$9.10 and Renison Goldfields Consolidated put on 16 cents to A$5.30.

SOUTH AFRICA

THE WEAKNESS of the rand against the dollar and firmer bullion prices added sparkle to Johannesburg gold shares.

The buying support was mostly local in origin and spilled over into other mines. Randfontein Estates firmed R10 to R238, Vaal Reefs advanced R4 to R199 and Western Deep Levels finished R2 up at R91.

Mining financial Anglo American picked up 75 cents to R34.25 and Gold Fields of South Africa managed a 25 cent rise to R34.

Platinums, somewhat unsettled recently by the problems of the London Metal Exchange, recovered with Rustenburg R1 stronger at R23.25.

Some popular blue chips eased with Barlow Rand 10 cents off at R11.75 and De Beers 5 cents cheaper at R14.40.

CANADA

GOLD ISSUES moved sharply against the stronger trend in Toronto although oil and gas stocks managed good progress.

Among the most active issues were Canadian Pacific, which traded C$¼ up to C$17⅜, Royal Bank, C$⅜ to C$33⅛, and Canadian Imperial Bank, C$¼ to C$40¼. Intermetco, also active, moved against the trend with an early loss of C$1 to C$9.

Utilities and industrials advanced in a firm Montreal.

TOKYO

Institutions gravitate to sidelines

TRADING was extremely thin as institutional investors and corporations moved to the sidelines in Tokyo yesterday, *writes Shigeo Nishiwaki of Jiji Press.*

Only securities company dealers and speculators were active, trading in companies with capital of around Y3bn for immediate capital gains.

The Nikkei average dropped 29.79 to 12,821.26, suffering its third consecutive fall. Turnover came to 234m shares, down from last Friday's 334m. Declines outnumbered advances 420 to 341, with 165 issues unchanged.

Speculative trading focused on Sanko Steamship, which hovered in the Y1-Y3 range. The shipping concern went bankrupt with liabilities of some Y500bn last August and applied for protection under the Corporate Rehabilitation Law. It is scheduled to be delisted from the Tokyo Stock Exchange on Thursday.

The stock ended at Y1, down Y1 from last Friday, with the busiest volume of 26.11m shares traded.

The lacklustre trading was due mainly to a rapid shift of funds owned by institutions and corporations from the stock market to short-term financial instruments. Short-term interest rates have been drifting higher under the guidance of the Bank of Japan to help the yen's continued appreciation against the US dollar.

Another factor was that the institutions incurred huge appraisal losses in dollar-denominated bond trading due to the yen's strength.

The Singapore stock market was closed yesterday for a holiday

Small-capital cash trading issues took the spotlight, accounting for five of the 10 most-active stocks. Kyodo Shiryo gained Y10 to Y344 with the third largest volume of 5.69m shares.

Kurosaki Refractories surged Y42 to Y619, Hodogaya Chemical Y20 to Y1,040, Kimmon Manufacturing Y44 to Y620 and Toyo Sugar Refining Y14 to Y304. These issues moved erratically in the absence of fresh incentives.

Mitsubishi Estate shed Y10 to Y1,170 despite expectations among securities companies that it would draw popularity towards the year-end.

Large-capital stocks remained sluggish. Mitsubishi Heavy Industries weakened Y5 to Y369 on a volume of 2.2m shares, one-tenth of the peak it reached early this autumn.

Most blue chips also eased in small-lot selling. Fanuc dropped Y50 to Y7,630, NEC Y10 to Y1,110, Sony Y40 to Y3,750 and Canon Y40 to Y1,100.

Bond prices continued falling in slow trading amid uncertainty about the future course of interest rates.

Investors kept a low profile on the over-the-counter market, held in check by the uncertain foreign-exchange market movement and a rise of the call rate on unconditional money. Only small-lot trading was made on the inter-broker market.

The yield on the bellwether 6.6 per cent government bond due in December 1994 soared from 6.670 per cent to 6.725 per cent.

HONG KONG

THE EARLY FIRMNESS in Hong Kong was largely eroded by the close as profit-takers moved in leaving the Hang Seng index 0.02 higher at 1,722.40.

Properties lost ground with Cheung Kong 20 cents down at HK$20.40 as Sun Hung Kai Properties dipped 10 cents to HK$13.30. Hongkong Land edged 10 cents lower to HK$6.85.

Hang Seng Bank gained 25 cents to HK$46.25 in a mixed banking sector which left Hongkong Bank unchanged at HK$7.70.

The takeover pitches were busy with Evergo launching a bid for Chuang's Holdings and Lambda. Evergo last traded on Friday at 54 cents, down 4 cents, with Chuang's Holdings 1½ cents off at 32 cents. Lambda was 3 cents up at 64 cents while Chuang's Properties, also suspended, dipped 1 cent to 21 cents.